

Theewaterskloof Municipality



Final Budget

2014/2015 to 2016/2017

27 May 2014

English is original version

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Abbreviations and Acronyms

IDP	Integrated Development Plan
MTREF	Medium Term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
kl	Kilolitre
kWh	Kilowatt
VAT	Value Added Tax
SMME	Small Micro and Medium Enterprises
CPI	Consumer Price index
MFMA	Municipal Finance Management Act 56 of 2003
GFS	Government Financial Statistics
MBRR	Municipal Budget and Reporting Regulations
GRAP	Generally Recognized Accounting Practice
MSA	Municipal Systems Act
MIG	Municipal Infrastructure Grant
LED	Local Economic Development
SDBIP	Service Delivery Budget Implementation Plan
DoRA	Division of Revenue Act
PDO	Predetermined Objectives
KPI	Key Performance Indicator
KPA	Key Performance Area
RBIG	Regional Bulk Infrastructure Grant
MTBPS	Medium Term Budget Policy Statement

1. Council Resolutions

1. That Council resolves that the Final Annual Operating Budget of the municipality for the financial year 2014/2015 and indicative for the two projected Outer Years 2015/2016 and 2016/2017 be approved as set out on Tables A1, A2, A3 and A4.(pages 8 - 13).
2. That Council resolves that the Final Annual Capital Budget of the municipality for the financial year 2014/2015 and indicative for the two projected Outer Years 2015/2016 and 2016/2017 be approved as set out on Tables A1, A5 and SA36.(pages 8, 15, and 76).
3. That Council resolves that the Monthly Cash Flow Forecasts with appropriate amendments be approved as the Cash Flow Budget of the Council for the 2014/2015 financial year as set out on Tables A1 and A7. (Pages 8 and 19).
4. That Council resolves to adopt the Final Integrated Development Plan.
5. That Council resolves to adopt the “Spatial Development Framework” as part of the Integrated Development Plan, as regulated by the Municipal Systems Act (Act 32 of 2000), as directed in terms of Section 22 of the Bill on the Land Use Planning Act.
6. That Council resolves that the Final Tariff Charges are approved for the Financial Year 2014/2015. (Annexure A).
7. That the Final Monthly Indigent Subsidy in respect of 6kl Water, 70Kwh Electricity, Refuse, Sewer and Informal Settlement Plot Rental (where applicable) are approved and that the applicable free basic services subsidies be calculated on the approved tariffs for the applicable services and measurable units.
8. The first R100,000 on all residential properties are exempt from property rates for persons older than 60 years of age and earning less than R6400 per month.
9. That it be noted that “Unfunded Functions” and “Underfunded Functions” are fully budgeted for at present service levels and in respect of Housing.
10. That note is taken that Internal Division of Costs (Departmental Charges) are calculated based on expected budgeted time spent, measurable units/quantities, cost, and that tariffs are determined accordingly.
11. That Council resolves the following Amendments to the Policies as per Annexure B

Annexure B

1. Short Term Insurance Policy
2. Credit Control and Debt Collection Policy
3. Tariff Policy
4. Supply Chain Management Policy
5. Policy on the Writing-off of Irrecoverable Debt.
6. Rates Policy
7. Theewaterskloof Long-Term Financial Plan Policy

2. Executive summary

LEGAL REQUIREMENTS

The medium term revenue and expenditure framework for 2014/2015, 2015/2016 and 2016/2017 was compiled in accordance with the requirements the relevant legislation, of which the following are the most important:

- i) the Constitution, Act 108 of 199
- ii) the Municipal Structures Act, Act 117 of 1998
- iii) the Municipal Systems Act, Act 32 of 2000
- iv) the Municipal Finance Management Act, Act 56 of 2003

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the Integrated Development Plan.

National Treasury's MFMA Circular No. 70 was mainly used to guide the compilation of the 2014/15 MTREF. The Medium Term Budget Policy Statement (MTBPS) 2013 notes that over the past four and a half years government has steered the country through the worst global recession in 70 years and that the South African economy is projected to grow by 2.1 per cent in 2013 while the GDP growth is expected to reach 3.5 per cent by 2016.

The key directions provided by the National Treasury are that municipal revenues and cash flows are expected to remain under pressure in 2014/2015 and therefore municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts. Municipalities will further have to carefully consider the affordability of tariff increases, especially as it relates to domestic consumers while considering the level of services versus the associated cost. Municipalities should also pay particular attention to managing revenue effectively and carefully evaluate all spending decisions. In generating capacity for spending on key municipal infrastructure, municipalities will have to identify inefficiencies and eliminate non-priority spending.

Specific strategies and interventions required by local government in achieving economic stability and higher levels of growth as outlined in the MTBPS include, among others:

- 1) Expanding public sector investment in infrastructure;
- 2) Sustainable job creation;
- 3) Municipalities must act as catalysts for economic growth;
- 4) Securing inclusive growth;
- 5) Implementing the National Development Plan; and
- 6) Building an efficient developmental state.

In addressing the key considerations contained in National Treasury's MFMA Circular No. 70 the following are highlighted in the budget.

- The municipality, through its budget acknowledges that the capital programme needs a balanced funding structure addressing not only backlogs in services, but also invests in new infrastructure as well as renewing current infrastructure.
- Tariff increases were kept as low as possible to ensure affordability thereof, whilst keeping in mind the cost of delivering services of a high quality.

- The municipality recognizes the importance of cash reserves and therefore strives to achieve a cost coverage ratio of 4 as soon as possible.
- The municipality contributes to job creation by participating fully in the Expanded Public Works Programme (EPWP) as well as internship programmes.
- The municipality gives priority to a lean, integrated, stable and corruption free organisation.

Growth to the Theewaterskloof Municipality's Medium Term Revenue and Expenditure Framework (MTREF) is based on a combination of factors such as (relatively low) generic growth to core tariff-based services, operational efficiencies, and revenue-related policies aimed at optimising and sustaining all income sources.

The MTREF-based Revenue and Expenditure Projections assumed inflation-linked annual adjustments. The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- National and local economic difficulties
- Fuel increases
- Above-inflation increases in Bulk Purchase Tariffs: Overberg Water board: 26,7% and ESKOM at 8%
- Old infrastructure which needs to be consistently maintained or replaced
- Lack of motor vehicles, tools and equipment and the average age of the vehicle fleet
- The prioritisation of projects and expenditure within the existing resources
- Staff remuneration: A preliminary of 9.5% has been included in the 2014/15 MTREF. (6% CPI + 1% increase + 2.5% for the Notches as contained within the 3 year agreement).

The following further key parameters which are informed by the need to recover costs and to balance the budget were considered for the 2014/15 financial year:

Tariff increases:

- Assessment Rates 13%
- Electricity 7,39% (Subject to NERSA's final approval)
6% (Life line tariff)
- Water Increase Depending on individual consumption
- Sanitation (Sewer) 6%
- Solid Waste (Refuse) 9%

The following table provides a consolidated overview of the proposed 2014/2015 MTREF taking into consideration tariff adjustments and increases to input costs:

R thousand	Budget 2013/2014 R'000	Budget Year 2014/2015 R'000	Budget Year +1 2015/2016 R'000	Budget Year +2 2016/2017 R'000
Total Operating Revenue	-397,852	-418,577	-415,561	-450,917
Total Operating Expenditure	471,385	371,591	386,052	420,128
(Suplus)/Deficit for the year	73,533	-46,985	-29,508	-30,789
Total Capital Expenditure	69,980	67,547	55,155	55,914

Total operating revenue is projected to grow by 5.2 per cent or R20,725 million for the 2014/15 financial year when compared to the 2013/14 Budget. For the two outer years, operational revenue will decrease by 0.7% and increase 8.5% respectively, equating to a total revenue growth of R53,065 million over the MTREF when compared to the 2013/14 financial year.

The major items of operating revenue are as follows:

Description	2013/14 R'000	2014/15 R'000	% of Total Revenue	Growth 2013/14 - 2014/15
Property Rates	59,448	68,910	16%	16%
Service Charges	145,625	156,249	37%	7%
Operational grants	111,817	103,590	25%	-7%
Capital grants	42,779	54,670	13%	28%
Other own Revenue	38,183	35,158	8%	-8%
	397,852	418,577	100%	5%

Revenue from service charges represents the biggest part (37%) of the municipality's revenue followed by operational grants (25%), property rates (16%) and capital grants (13%). There has been a reduction in operational grants and other own revenue when compared to the 2013/14 financial year.

Total operating expenditure for the 2014/15 financial year amounts to R371,591 million, which represents a decrease of R99,793 million (21.2%) over 2013/14, increases of 3.9% and 8.8% for each of the respective outer years of the MTREF. A portion of the cash back surplus of R46,985 for 2014/2015 will be used to fund inventory items on the capital budget. In addition, an amount of R1,570 million will be transferred to the Capital Replacement fund. The purpose of the capital replacement reserve fund is to build sufficient own revenue in order to finance future capital projects in areas where no grant funding is available.

Repairs and maintenance is very low but a distinction has been made to separate repairs from maintenance as there is a fundamental difference between repairs and maintenance. Maintenance is aimed at preventing assets from becoming obsolete and to conserve an asset or resource for as long as possible in its original condition before the expiry of its economic life and should be carried out in accordance with a master plan for infrastructure maintenance. Repairs are work carried out to restore an asset or resource to a sound condition after it has been damaged.

The major operating expenditure items are summarised below:

Description	2013/14 R'000	2014/15 R'000	% of Total Expenditure	Growth 2013/14 - 2014/15
Employee related costs	126,957	139,914	38%	10%
Councillor Remuneration	8,502	9,277	2%	9%
Depreciation	128,555	23,081	6%	-82%
Finance Charges	12,940	13,433	4%	4%
Bulk Purchases	49,277	54,651	15%	11%
Repairs and Maintenance	20,110	22,906	6%	14%
Other expenditure	125,044	108,330	29%	-13%
	471,385	371,591	100%	-21%

Employee related costs and other expenditure represent the major expenditure items at 38% and 29% respectively.

The budgeted surplus of R46,985 million includes capital grants and other GRAP items. When all of the GRAP items and capital contributions are removed, the budget does not show a surplus or a deficit. The actual surplus/deficit is therefore calculated as follows:

Description 2014- 2015	R thousand R'000
Surplus as per budgeted Statement of Financial Performance (R'000)	46,985
Less: Contributions to Capital Expenditure	-3,218
Redemption of external loans	-7,662
Transfer to Capital Replacement Reserve	-1,570
Capital Grants	-54,670
Grants - VAT Contribution	-3,989
Add: Depreciation	17,571
GRAP Provisions	6,552
Surplus/ Deficit	0

The capital expenditure amount to R67,547 million and is 3.5% less than the 2013/2014 adjustment budget. The outer years decrease to R55, 155 million in 2015/2016 and R55,914 million in 2016/2017.

Successful alignment of Theewaterskloof Municipality's service delivery priorities, as embodied in the updated IDP and its focus areas, objectives and perspectives, to that of National and Provincial Governments is seen as critical if the Municipality wants to achieve its developmental goals. The Strategic Focus Areas developed by Theewaterskloof Municipality are as follows:

- Financial Viability
- Good Governance
- Institutional Development
- Basic Service Delivery
- Local Economic Development

3. Operating Revenue and Expenditure Framework

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source									
Property rates	41,130	42,099	47,607	60,047	59,448	59,448	68,910	71,600	77,328
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	46,230	57,379	60,369	65,547	70,233	70,233	72,911	76,794	82,524
Service charges - water revenue	34,163	35,255	35,114	44,390	37,034	37,034	40,136	46,093	49,617
Service charges - sanitation revenue	13,419	14,623	18,025	17,576	18,345	18,345	20,248	23,615	24,902
Service charges - refuse revenue	14,165	16,074	18,460	17,945	19,863	19,863	22,795	24,230	25,847
Service charges - other	234	(2,574)	-	101	150	150	159	53	53
Rental of facilities and equipment	1,352	1,105	2,717	1,420	1,441	1,441	1,607	1,639	1,625
Interest earned - external investments	1,665	1,738	2,407	2,200	2,200	2,200	2,482	2,472	2,620
Interest earned - outstanding debtors	7,389	7,834	7,617	4,000	8,000	8,000	6,480	4,494	2,858
Dividends received	-	-	-	-	-	-	-	-	-
Fines	3,627	2,942	5,466	8,019	13,032	13,032	14,334	15,051	15,804
Licences and permits	2,612	2,926	2,626	2,508	2,570	2,570	2,724	2,888	3,061
Agency services	1,778	1,836	1,957	2,100	2,200	2,200	2,332	2,472	2,620
Transfers recognised - operational	47,961	54,865	74,010	91,339	111,817	111,817	103,590	102,187	114,414
Other revenue	15,121	12,467	27,788	4,797	8,535	8,535	4,963	3,763	4,179
Gains on disposal of PPE	-	-	-	-	205	205	235	-	-
Total Revenue (excluding capital transfers and contributions)	230,847	248,568	304,162	321,989	355,072	355,072	363,907	377,351	407,453
Expenditure By Type									
Employee related costs	96,787	109,179	107,707	127,223	126,957	126,957	139,914	154,385	169,039
Remuneration of councillors	6,022	7,168	7,410	8,502	8,502	8,502	9,277	9,927	10,621
Debt impairment	18,638	32,422	22,703	13,029	24,956	24,956	23,730	24,348	26,500
Depreciation & asset impairment	9,420	49,320	98,311	19,941	128,555	128,555	23,081	20,449	21,372
Finance charges	10,934	12,928	12,780	13,731	12,940	12,940	13,433	11,571	10,783
Bulk purchases	34,790	41,475	45,334	49,824	49,277	49,277	54,651	59,235	64,208
Other materials	-	-	-	-	-	-	-	-	-
Contracted services	9,949	11,308	14,491	18,300	17,807	17,807	19,673	21,110	22,347
Transfers and grants	428	638	783	850	850	850	1,000	1,060	1,124
Other expenditure	70,513	56,635	54,236	77,192	97,327	97,327	86,833	83,967	94,136
Loss on disposal of PPE	789	247	1,300	-	4,214	4,214	-	-	-
Total Expenditure	258,270	321,319	365,057	328,592	471,385	471,385	371,591	386,052	420,128
Surplus/(Deficit)	(27,423)	(72,751)	(60,895)	(6,603)	(116,313)	(116,313)	(7,685)	(8,702)	(12,676)
Transfers recognised - capital	53,435	55,406	73,116	62,851	42,779	42,779	54,670	38,210	43,464
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	26,012	(17,346)	12,221	56,248	(73,533)	(73,533)	46,985	29,508	30,789
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	26,012	(17,346)	12,221	56,248	(73,533)	(73,533)	46,985	29,508	30,789
Attributable to minorities	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	26,012	(17,346)	12,221	56,248	(73,533)	(73,533)	46,985	29,508	30,789
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	26,012	(17,346)	12,221	56,248	(73,533)	(73,533)	46,985	29,508	30,789

4. Capital Expenditure

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - Executive & Council	581	3,538	1,752	—	—	—	—	3,325	2,025
Vote 2 - Finance & Admin	2,061	2,688	1,630	—	—	—	—	—	—
Vote 3 - Planning & Development	—	—	4,445	—	—	—	—	—	—
Vote 4 - Community & Social Services	—	274	—	—	—	—	—	1,000	1,000
Vote 5 - Housing	9,602	22,182	33,113	—	—	—	22,964	13,360	17,680
Vote 6 - Public Safety	—	—	—	—	—	—	—	—	—
Vote 7 - Sport & Recreation	683	—	695	3,270	3,270	3,270	3,286	3,876	4,027
Vote 8 - Environmental Protection	—	—	—	—	—	—	—	—	—
Vote 9 - Waste Management	—	808	347	—	—	—	—	6,384	9,101
Vote 10 - Waste Water Management	4,941	15,491	21,097	9,282	8,996	8,996	—	6,140	3,132
Vote 11 - Roads Transport	9,179	4,046	8,296	—	—	—	—	1,705	1,340
Vote 12 - Water	14,135	10,731	9,059	7,746	8,008	8,008	—	—	—
Vote 13 - Electricity	3,441	5,141	7,889	—	—	—	2,500	2,000	—
Vote 14 - Other	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]	—	—	—	—	—	—	—	—	—
Capital multi-year expenditure sub-total	44,623	64,898	88,323	20,298	20,273	20,273	28,750	37,790	38,305
Single-year expenditure to be appropriated									
Vote 1 - Executive & Council	—	—	—	2,754	4,822	4,822	2,049	—	—
Vote 2 - Finance & Admin	—	—	—	928	928	928	622	—	—
Vote 3 - Planning & Development	—	—	—	183	2,869	2,869	419	—	—
Vote 4 - Community & Social Services	—	—	—	1,100	1,473	1,473	61	—	—
Vote 5 - Housing	—	—	—	29,502	12,170	12,170	—	—	—
Vote 6 - Public Safety	—	—	—	—	—	—	245	—	—
Vote 7 - Sport & Recreation	—	—	—	—	44	44	180	—	—
Vote 8 - Environmental Protection	—	—	—	—	—	—	—	—	—
Vote 9 - Waste Management	—	—	—	—	—	—	—	—	—
Vote 10 - Waste Water Management	—	—	—	14,252	14,622	14,622	18,604	5,943	4,500
Vote 11 - Roads Transport	—	—	—	4,399	5,104	5,104	3,263	8,422	10,108
Vote 12 - Water	—	—	—	—	2,739	2,739	9,242	—	—
Vote 13 - Electricity	—	—	—	179	4,937	4,937	4,111	3,000	3,000
Vote 14 - Other	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]	—	—	—	—	—	—	—	—	—
Capital single-year expenditure sub-total	—	—	—	53,296	49,707	49,707	38,797	17,365	17,608
Total Capital Expenditure - Vote	44,623	64,898	88,323	73,594	69,980	69,980	67,547	55,155	55,914
Capital Expenditure - Standard									
Governance and administration	2,641	6,226	3,382	3,864	5,932	5,932	3,091	3,325	2,025
Executive and council	—	772	901	2,153	2,153	2,153	1,902	—	—
Budget and treasury office	2,061	2,688	1,630	37	37	37	38	—	—
Corporate services	581	2,766	851	1,675	3,743	3,743	1,151	3,325	2,025
Community and public safety	10,286	22,455	33,808	33,872	16,956	16,956	26,736	18,236	22,707
Community and social services	—	274	—	1,100	1,473	1,473	61	1,000	1,000
Sport and recreation	683	—	695	3,270	3,313	3,313	3,466	3,876	4,027
Public safety	—	—	—	—	—	—	245	—	—
Housing	9,602	22,182	33,113	29,502	12,170	12,170	22,964	13,360	17,680
Health	—	—	—	—	—	—	—	—	—
Economic and environmental services	9,179	4,046	12,741	4,399	7,790	7,790	3,263	10,127	11,449
Planning and development	—	—	4,445	—	2,686	2,686	—	—	—
Road transport	9,179	4,046	8,296	4,399	5,104	5,104	3,263	10,127	11,449
Environmental protection	—	—	—	—	—	—	—	—	—
Trading services	22,517	32,171	38,392	31,460	39,302	39,302	34,457	23,467	19,733
Electricity	3,441	5,141	7,889	179	4,937	4,937	6,611	5,000	3,000
Water	14,135	10,731	9,059	7,746	10,747	10,747	9,242	—	—
Waste water management	4,941	15,491	21,097	23,535	23,618	23,618	18,604	12,083	7,632
Waste management	—	808	347	—	—	—	—	6,384	9,101
Other	—	—	—	—	—	—	—	—	—
Total Capital Expenditure - Standard	44,623	64,898	88,323	73,594	69,980	69,980	67,547	55,155	55,914
Funded by:									
National Government	18,053	17,582	35,335	28,925	27,480	27,480	31,706	24,850	25,784
Provincial Government	9,602	24,827	33,038	29,502	14,670	14,670	22,964	13,360	17,680
District Municipality	—	—	—	—	62	62	—	—	—
Other transfers and grants	683	—	—	—	—	—	—	—	—
Transfers recognised - capital	28,339	42,409	68,373	58,427	42,212	42,212	54,670	38,210	43,464
Public contributions & donations	—	—	—	—	—	—	—	—	—
Borrowing	8,055	14,442	5,455	7,075	14,040	14,040	5,670	12,349	7,841
Internally generated funds	8,230	8,047	14,495	8,093	13,729	13,729	7,207	4,596	4,608
Total Capital Funding	44,623	64,898	88,323	73,594	69,980	69,980	67,547	55,155	55,914

5. Annual budget tables

The following ten tables set out the municipality's 2014/2015 budget and MTREF to be approved by resolution of Council:

Budget Summary (Table A1)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands									
Financial Performance									
Property rates	41,130	42,099	47,607	60,047	59,448	59,448	68,910	71,600	77,328
Service charges	108,211	120,757	131,967	145,559	145,625	145,625	156,249	170,785	182,943
Investment revenue	1,665	1,738	2,407	2,200	2,200	2,200	2,482	2,472	2,620
Transfers recognised - operational	47,961	54,865	74,010	91,339	111,817	111,817	103,590	102,187	114,414
Other own revenue	31,880	29,110	48,171	22,844	35,983	35,983	32,676	30,307	30,147
Total Revenue (excluding capital transfers and contributions)	230,847	248,568	304,162	321,989	355,072	355,072	363,907	377,351	407,453
Employee costs	96,787	109,179	107,707	127,223	126,957	126,957	139,914	154,385	169,039
Remuneration of councillors	6,022	7,168	7,410	8,502	8,502	8,502	9,277	9,927	10,621
Depreciation & asset impairment	9,420	49,320	98,311	19,941	128,555	128,555	23,081	20,449	21,372
Finance charges	10,934	12,928	12,780	13,731	12,940	12,940	13,433	11,571	10,783
Materials and bulk purchases	34,790	41,475	45,334	49,824	49,277	49,277	54,651	59,235	64,208
Transfers and grants	428	638	783	850	850	850	1,000	1,060	1,124
Other expenditure	99,889	100,611	92,731	108,522	144,304	144,304	130,236	129,425	142,982
Total Expenditure	258,270	321,319	365,057	328,592	471,385	471,385	371,591	386,052	420,128
Surplus/(Deficit)	(27,423)	(72,751)	(60,895)	(6,603)	(116,313)	(116,313)	(7,685)	(8,702)	(12,676)
Transfers recognised - capital	53,435	55,406	73,116	62,851	42,779	42,779	54,670	38,210	43,464
Contributions recognised - capital & contributed	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	26,012	(17,346)	12,221	56,248	(73,533)	(73,533)	46,985	29,508	30,789
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	26,012	(17,346)	12,221	56,248	(73,533)	(73,533)	46,985	29,508	30,789
Capital expenditure & funds sources									
Capital expenditure	44,623	64,898	88,323	73,594	69,980	69,980	67,547	55,155	55,914
Transfers recognised - capital	28,339	42,409	68,373	58,427	42,212	42,212	54,670	38,210	43,464
Public contributions & donations	—	—	—	—	—	—	—	—	—
Borrowing	8,055	14,442	5,455	7,075	14,040	14,040	5,670	12,349	7,841
Internally generated funds	8,230	8,047	14,495	8,093	13,729	13,729	7,207	4,596	4,608
Total sources of capital funds	44,623	64,898	88,323	73,594	69,980	69,980	67,547	55,155	55,914
Financial position									
Total current assets	53,727	43,479	61,531	41,649	47,544	47,544	54,091	58,578	62,971
Total non current assets	642,312	655,214	687,776	883,586	621,178	621,178	664,223	698,929	733,471
Total current liabilities	46,942	57,715	69,816	57,143	57,999	57,999	58,740	59,280	63,078
Total non current liabilities	151,256	168,910	165,534	178,652	170,298	170,298	172,164	181,308	185,657
Community wealth/Equity	497,840	472,068	513,958	689,440	440,425	440,425	487,411	516,919	547,707
Cash flows									
Net cash from (used) operating	33,558	46,384	92,559	77,039	38,128	38,128	74,410	55,064	60,725
Net cash from (used) investing	(41,087)	(61,554)	(79,990)	(73,594)	(65,966)	(65,966)	(65,891)	(55,155)	(55,914)
Net cash from (used) financing	22,792	13,960	(6,437)	(674)	308	308	(1,300)	4,238	(231)
Cash/cash equivalents at the year end	22,624	21,414	27,545	11,798	15	15	7,235	11,381	15,962
Cash backing/surplus reconciliation									
Cash and investments available	22,624	21,414	27,545	11,798	15	15	7,235	11,381	15,962
Application of cash and investments	(1,178)	16,119	24,019	4,169	175	175	(2,195)	(2,501)	19
Balance - surplus (shortfall)	23,802	5,295	3,526	7,629	(160)	(160)	9,430	13,882	15,943
Asset management									
Asset register summary (WDV)	642,271	655,176	687,752	883,548	924,973	924,973	968,018	1,002,724	1,037,266
Depreciation & asset impairment	9,420	49,320	98,311	19,941	128,555	128,555	23,081	20,449	21,372
Renewal of Existing Assets	27,348	24,784	43,221	21,921	25,632	25,632	33,999	27,173	28,550
Repairs and Maintenance	14,054	15,553	17,849	21,405	20,110	20,110	22,906	25,400	26,721
Free services									
Cost of Free Basic Services provided	15,561	9,625	13,505	16,491	16,491	16,491	22,463	23,811	25,240
Revenue cost of free services provided	32,418	14,426	16,721	22,914	22,914	22,914	27,500	29,097	30,790
Households below minimum service level									
Water:	0	0	—	—	—	—	—	—	—
Sanitation/sewerage:	0	—	—	—	—	—	—	—	—
Energy:	—	—	—	—	—	—	—	—	—
Refuse:	—	—	—	—	—	—	—	—	—

Explanatory notes Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is negative over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget and indicates that the repayment of loans exceed the envisaged new borrowing;
 - iii. Internally generated funds are financed from a combination of the current operating surplus and input VAT reclaimed on conditional grants. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The section on Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Budgeted Financial Performance (Revenue and Expenditure by standard classification)
(Table A2)

Standard Classification Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard									
<i>Governance and administration</i>	154,550	156,416	211,153	197,420	206,252	206,252	211,036	188,234	207,679
Executive and council	2,581	2,218	5,414	3,528	4,031	4,031	6,461	4,860	5,222
Budget and treasury office	136,784	143,790	178,927	189,277	192,317	192,317	198,851	178,399	197,260
Corporate services	15,185	10,408	26,812	4,616	9,903	9,903	5,724	4,974	5,197
<i>Community and public safety</i>	4,903	7,400	11,627	14,670	19,770	19,770	20,852	21,881	23,014
Community and social services	1,049	4,574	6,120	6,841	6,915	6,915	6,155	6,449	6,810
Sport and recreation	87	(212)	(53)	(278)	(261)	(261)	75	77	80
Public safety	3,767	3,039	5,559	8,107	13,116	13,116	14,622	15,355	16,125
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	6,405	5,498	7,183	7,812	7,938	7,938	7,627	7,754	8,204
Planning and development	1,711	1,620	2,279	2,922	2,747	2,747	2,026	1,915	2,014
Road transport	4,695	3,878	4,904	4,890	5,191	5,191	5,601	5,839	6,190
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	118,424	134,659	147,315	164,938	163,892	163,892	179,062	197,692	212,019
Electricity	46,763	58,989	65,153	70,857	74,334	74,334	75,906	80,094	86,101
Water	36,437	37,466	37,409	47,695	40,337	40,337	47,056	55,253	59,510
Waste water management	16,701	17,927	21,564	21,927	23,350	23,350	25,898	30,115	31,922
Waste management	18,523	20,277	23,190	24,459	25,872	25,872	30,202	32,230	34,486
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	284,282	303,973	377,278	384,840	397,852	397,852	418,577	415,561	450,917
Expenditure - Standard									
<i>Governance and administration</i>	104,922	144,680	183,499	123,221	258,937	258,937	146,042	144,868	161,141
Executive and council	21,857	23,071	18,882	24,826	26,299	26,299	28,563	30,503	32,841
Budget and treasury office	46,296	36,637	31,232	45,388	71,438	71,438	58,821	55,164	64,597
Corporate services	36,769	84,972	133,384	53,008	161,201	161,201	58,659	59,202	63,702
<i>Community and public safety</i>	23,527	24,145	27,308	31,418	33,578	33,578	35,543	39,326	42,425
Community and social services	4,108	3,779	6,001	4,631	6,187	6,187	6,167	6,897	7,451
Sport and recreation	6,677	6,272	6,460	7,874	7,418	7,418	7,380	8,027	8,566
Public safety	9,550	10,807	11,362	14,660	15,509	15,509	16,500	18,453	19,967
Housing	3,192	3,287	3,485	4,253	4,464	4,464	5,495	5,949	6,442
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	28,349	28,616	32,144	36,642	36,758	36,758	38,389	41,647	45,025
Planning and development	7,028	6,715	7,955	8,032	8,763	8,763	8,370	9,619	10,447
Road transport	21,293	21,881	24,165	28,560	27,944	27,944	29,968	31,976	34,524
Environmental protection	28	20	24	50	51	51	50	52	54
<i>Trading services</i>	101,472	123,878	122,107	137,310	142,112	142,112	151,618	160,211	171,537
Electricity	39,577	45,469	48,429	59,620	53,328	53,328	59,897	64,285	68,946
Water	25,926	34,818	32,074	34,675	37,811	37,811	41,496	44,449	48,137
Waste water management	16,031	20,052	19,358	22,892	26,244	26,244	24,604	23,827	25,521
Waste management	19,938	23,538	22,246	20,124	24,728	24,728	25,621	27,651	28,933
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	258,270	321,319	365,057	328,592	471,385	471,385	371,591	386,052	420,128
Surplus/(Deficit) for the year	26,012	(17,346)	12,221	56,248	(73,533)	(73,533)	46,985	29,508	30,789

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is an illustration of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile standardised reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and treasury office.

Budgeted Financial Performance (Revenue and Expenditure by municipal vote)(Table A3)

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote									
Vote 1 - Executive & Council	3,913	5,096	7,518	5,424	6,604	6,604	8,442	5,883	6,298
Vote 2 - Finance & Admin	97,202	95,915	126,324	109,477	119,868	119,868	122,951	123,290	130,632
Vote 3 - Planning & Development	1,711	1,620	2,279	2,922	2,747	2,747	2,026	1,915	2,014
Vote 4 - Community & Social Services	1,049	4,574	6,120	6,841	6,915	6,915	6,155	6,449	6,810
Vote 5 - Housing	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety	3,767	3,039	5,559	8,107	13,116	13,116	14,622	15,355	16,125
Vote 7 - Sport & Recreation	87	(212)	(53)	(278)	(261)	(261)	75	77	80
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	18,523	20,277	23,190	24,459	25,872	25,872	30,202	32,230	34,486
Vote 10 - Waste Water Management	16,701	17,927	21,564	21,927	23,350	23,350	25,898	30,115	31,922
Vote 11 - Roads Transport	4,695	3,878	4,904	4,890	5,191	5,191	5,601	5,839	6,190
Vote 12 - Water	36,437	37,466	37,409	47,695	40,337	40,337	47,056	55,253	59,510
Vote 13 - Electricity	46,763	58,989	65,153	70,857	74,334	74,334	75,906	80,094	86,101
Vote 14 - Other	53,435	55,406	77,311	82,519	79,779	79,779	79,643	59,061	70,749
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	284,282	303,973	377,278	384,840	397,852	397,852	418,577	415,561	450,917
Expenditure by Vote to be appropriated									
Vote 1 - Executive & Council	42,863	49,663	45,942	54,869	55,981	55,981	59,084	62,541	67,634
Vote 2 - Finance & Admin	35,530	82,425	130,085	43,407	160,852	160,852	55,657	55,115	59,370
Vote 3 - Planning & Development	9,713	9,598	10,859	11,702	12,346	12,346	12,318	13,933	15,162
Vote 4 - Community & Social Services	4,108	3,779	6,001	4,631	6,187	6,187	6,167	6,897	7,451
Vote 5 - Housing	3,192	3,287	3,485	4,253	4,464	4,464	5,495	5,949	6,442
Vote 6 - Public Safety	9,550	10,807	11,362	14,660	15,509	15,509	16,500	18,453	19,967
Vote 7 - Sport & Recreation	6,677	6,272	6,460	7,874	7,418	7,418	7,380	8,027	8,566
Vote 8 - Environmental Protection	28	20	24	50	51	51	50	52	54
Vote 9 - Waste Management	19,938	23,538	22,246	20,124	24,728	24,728	25,621	27,651	28,933
Vote 10 - Waste Water Management	16,031	20,052	19,358	22,892	26,244	26,244	24,604	23,827	25,521
Vote 11 - Roads Transport	21,293	21,881	24,165	28,560	27,944	27,944	29,968	31,976	34,524
Vote 12 - Water	25,926	34,818	32,074	34,675	37,811	37,811	41,496	44,449	48,137
Vote 13 - Electricity	39,577	45,469	48,429	59,620	53,328	53,328	59,897	64,285	68,946
Vote 14 - Other	23,844	9,709	4,567	21,274	38,521	38,521	27,354	22,899	29,422
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	258,270	321,319	365,057	328,592	471,385	471,385	371,591	386,052	420,128
Surplus/(Deficit) for the year	26,012	(17,346)	12,221	56,248	(73,533)	(73,533)	46,985	29,508	30,789

Explanatory notes to Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 illustrates the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the GFS classification and not necessarily the organisational structure of the Municipality.

Function	Income R'000	Expenditure R'000	Surplus/(deficit) R'000
Water	47, 056	(41, 496)	5, 560
Electricity	75, 906	(59 ,897)	16, 009
Waste Water Management	25, 898	(24, 604)	1,294
Refuse Removal	30, 202	(25, 621)	4, 581

Budgeted Financial Performance (Revenue and Expenditure) (Table A4)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Revenue By Source									
Property rates	41,130	42,099	47,607	60,047	59,448	59,448	68,910	71,600	77,328
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	46,230	57,379	60,369	65,547	70,233	70,233	72,911	76,794	82,524
Service charges - water revenue	34,163	35,255	35,114	44,390	37,034	37,034	40,136	46,093	49,617
Service charges - sanitation revenue	13,419	14,623	18,025	17,576	18,345	18,345	20,248	23,615	24,902
Service charges - refuse revenue	14,165	16,074	18,460	17,945	19,863	19,863	22,795	24,230	25,847
Service charges - other	234	(2,574)	-	101	150	150	159	53	53
Rental of facilities and equipment	1,352	1,105	2,717	1,420	1,441	1,441	1,607	1,639	1,625
Interest earned - external investments	1,665	1,738	2,407	2,200	2,200	2,200	2,482	2,472	2,620
Interest earned - outstanding debtors	7,389	7,834	7,617	4,000	8,000	8,000	6,480	4,494	2,858
Dividends received	-	-	-	-	-	-	-	-	-
Fines	3,627	2,942	5,466	8,019	13,032	13,032	14,334	15,051	15,804
Licences and permits	2,612	2,926	2,626	2,508	2,570	2,570	2,724	2,888	3,061
Agency services	1,778	1,836	1,957	2,100	2,200	2,200	2,332	2,472	2,620
Transfers recognised - operational	47,961	54,865	74,010	91,339	111,817	111,817	103,590	102,187	114,414
Other revenue	15,121	12,467	27,788	4,797	8,535	8,535	4,963	3,763	4,179
Gains on disposal of PPE	-	-	-	-	205	205	235	-	-
Total Revenue (excluding capital transfers and contributions)	230,847	248,568	304,162	321,989	355,072	355,072	363,907	377,351	407,453
Expenditure By Type									
Employee related costs	96,787	109,179	107,707	127,223	126,957	126,957	139,914	154,385	169,039
Remuneration of councillors	6,022	7,168	7,410	8,502	8,502	8,502	9,277	9,927	10,621
Debt impairment	18,638	32,422	22,703	13,029	24,956	24,956	23,730	24,348	26,500
Depreciation & asset impairment	9,420	49,320	98,311	19,941	128,555	128,555	23,081	20,449	21,372
Finance charges	10,934	12,928	12,780	13,731	12,940	12,940	13,433	11,571	10,783
Bulk purchases	34,790	41,475	45,334	49,824	49,277	49,277	54,651	59,235	64,208
Other materials	-	-	-	-	-	-	-	-	-
Contracted services	9,949	11,308	14,491	18,300	17,807	17,807	19,673	21,110	22,347
Transfers and grants	428	638	783	850	850	850	1,000	1,060	1,124
Other expenditure	70,513	56,635	54,236	77,192	97,327	97,327	86,833	83,967	94,136
Loss on disposal of PPE	789	247	1,300	-	4,214	4,214	-	-	-
Total Expenditure	258,270	321,319	365,057	328,592	471,385	471,385	371,591	386,052	420,128
Surplus/(Deficit)	(27,423)	(72,751)	(60,895)	(6,603)	(116,313)	(116,313)	(7,685)	(8,702)	(12,676)
Transfers recognised - capital	53,435	55,406	73,116	62,851	42,779	42,779	54,670	38,210	43,464
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	26,012	(17,346)	12,221	56,248	(73,533)	(73,533)	46,985	29,508	30,789
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	26,012	(17,346)	12,221	56,248	(73,533)	(73,533)	46,985	29,508	30,789
Attributable to minorities	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	26,012	(17,346)	12,221	56,248	(73,533)	(73,533)	46,985	29,508	30,789
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	26,012	(17,346)	12,221	56,248	(73,533)	(73,533)	46,985	29,508	30,789

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure) excluding capital transfers and contributions.

1. Total operating revenue is R418,577 in 2014/15 and increases to R450, 917 million by 2016/17. This represents a year-on-year increase of 5.2 per cent for the 2014/15, -0.7 per cent for the 2015/16 financial year and 8.5 per cent for the 2016/17 financial year.
2. Revenue to be generated from property rates is R68, 910 million in the 2014/15 financial year and increases to R77, 328 million by 2016/17 which represents 16.5 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totaling R156, 249 million for the 2014/15 financial year and increasing to R182, 943 million by 2016/17. For the 2014/15 financial year services charges amount to 37.3 per cent of the total revenue base.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
5. Bulk purchases have significantly increased over the 2010/11 to 2014/15 period escalating from R34, 790 million to R54,651 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Overberg Water.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality.

Budgeted Capital Expenditure by vote, standard classification and funding (Table A5)

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - Executive & Council	581	3,538	1,752	-	-	-	-	3,325	2,025
Vote 2 - Finance & Admin	2,061	2,688	1,630	-	-	-	-	-	-
Vote 3 - Planning & Development	-	-	4,445	-	-	-	-	-	-
Vote 4 - Community & Social Services	-	274	-	-	-	-	-	1,000	1,000
Vote 5 - Housing	9,602	22,182	33,113	-	-	-	22,964	13,360	17,680
Vote 6 - Public Safety	-	-	-	-	-	-	-	-	-
Vote 7 - Sport & Recreation	683	-	695	3,270	3,270	3,270	3,286	3,876	4,027
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	-	808	347	-	-	-	-	6,384	9,101
Vote 10 - Waste Water Management	4,941	15,491	21,097	9,282	8,996	8,996	-	6,140	3,132
Vote 11 - Roads Transport	9,179	4,046	8,296	-	-	-	-	1,705	1,340
Vote 12 - Water	14,135	10,731	9,059	7,746	8,008	8,008	-	-	-
Vote 13 - Electricity	3,441	5,141	7,889	-	-	-	2,500	2,000	-
Vote 14 - Other	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	44,623	64,898	88,323	20,298	20,273	20,273	28,750	37,790	38,305
Single-year expenditure to be appropriated									
Vote 1 - Executive & Council	-	-	-	2,754	4,822	4,822	2,049	-	-
Vote 2 - Finance & Admin	-	-	-	928	928	928	622	-	-
Vote 3 - Planning & Development	-	-	-	183	2,869	2,869	419	-	-
Vote 4 - Community & Social Services	-	-	-	1,100	1,473	1,473	61	-	-
Vote 5 - Housing	-	-	-	29,502	12,170	12,170	-	-	-
Vote 6 - Public Safety	-	-	-	-	-	-	245	-	-
Vote 7 - Sport & Recreation	-	-	-	-	44	44	180	-	-
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	-	-	-	-	-	-	-	-	-
Vote 10 - Waste Water Management	-	-	-	14,252	14,622	14,622	18,604	5,943	4,500
Vote 11 - Roads Transport	-	-	-	4,399	5,104	5,104	3,263	8,422	10,108
Vote 12 - Water	-	-	-	-	2,739	2,739	9,242	-	-
Vote 13 - Electricity	-	-	-	179	4,937	4,937	4,111	3,000	3,000
Vote 14 - Other	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	53,296	49,707	49,707	38,797	17,365	17,608
Total Capital Expenditure - Vote	44,623	64,898	88,323	73,594	69,980	69,980	67,547	55,155	55,914
Capital Expenditure - Standard									
Governance and administration	2,641	6,226	3,382	3,864	5,932	5,932	3,091	3,325	2,025
Executive and council	-	772	901	2,153	2,153	2,153	1,902	-	-
Budget and treasury office	2,061	2,688	1,630	37	37	37	38	-	-
Corporate services	581	2,766	851	1,675	3,743	3,743	1,151	3,325	2,025
Community and public safety	10,286	22,455	33,808	33,872	16,956	16,956	26,736	18,236	22,707
Community and social services	-	274	-	1,100	1,473	1,473	61	1,000	1,000
Sport and recreation	683	-	695	3,270	3,313	3,313	3,466	3,876	4,027
Public safety	-	-	-	-	-	-	245	-	-
Housing	9,602	22,182	33,113	29,502	12,170	12,170	22,964	13,360	17,680
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	9,179	4,046	12,741	4,399	7,790	7,790	3,263	10,127	11,449
Planning and development	-	-	4,445	-	2,686	2,686	-	-	-
Road transport	9,179	4,046	8,296	4,399	5,104	5,104	3,263	10,127	11,449
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	22,517	32,171	38,392	31,460	39,302	39,302	34,457	23,467	19,733
Electricity	3,441	5,141	7,889	179	4,937	4,937	6,611	5,000	3,000
Water	14,135	10,731	9,059	7,746	10,747	10,747	9,242	-	-
Waste water management	4,941	15,491	21,097	23,535	23,618	23,618	18,604	12,083	7,632
Waste management	-	808	347	-	-	-	-	6,384	9,101
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	44,623	64,898	88,323	73,594	69,980	69,980	67,547	55,155	55,914
Funded by:									
National Government	18,053	17,582	35,335	28,925	27,480	27,480	31,706	24,850	25,784
Provincial Government	9,602	24,827	33,038	29,502	14,670	14,670	22,964	13,360	17,680
District Municipality	-	-	-	-	62	62	-	-	-
Other transfers and grants	683	-	-	-	-	-	-	-	-
Transfers recognised - capital	28,339	42,409	68,373	58,427	42,212	42,212	54,670	38,210	43,464
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	8,055	14,442	5,455	7,075	14,040	14,040	5,670	12,349	7,841
Internally generated funds	8,230	8,047	14,495	8,093	13,729	13,729	7,207	4,596	4,608
Total Capital Funding	44,623	64,898	88,323	73,594	69,980	69,980	67,547	55,155	55,914

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. The capital budget, for 2014/15 an amount of R67, 547 million has been allocated. This allocation decrease to R55, 155 million in 2015/16 and R55, 914 million in 2016/17.
3. The capital programme is funded from National and Provincial grants, which includes Municipal Infrastructure Grant, Regional Bulk Infrastructure Grant, National Electrification Grant and Housing, borrowing and internally generated funds from current year surpluses. For 2014/15, capital transfers (excluding VAT) totals R54, 670 million (81 per cent) and decrease to R43, 464 million by 2016/17. Borrowing has been provided at R5, 670 million for the 2014/15 financial year. Internally generated funding totaling R7, 207 million for 2014/2015 and R4, 596 million for 2015/2016. These funding sources are further discussed in detail in section 12 (Overview of Budget Funding).

Budgeted Financial Position (Table A6)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
ASSETS									
Current assets									
Cash	7,229	6,372	6,805	1,798	15	15	7,235	1,381	5,962
Call investment deposits	15,394	15,042	20,740	10,000	-	-	-	10,000	10,000
Consumer debtors	26,982	17,077	24,298	24,347	42,324	42,324	41,651	41,991	41,804
Other debtors	2,233	2,726	7,761	3,000	3,000	3,000	3,000	3,000	3,000
Current portion of long-term receivables	4	5	5	4	5	5	5	5	5
Inventory	1,884	2,257	1,922	2,500	2,200	2,200	2,200	2,200	2,200
Total current assets	53,727	43,479	61,531	41,649	47,544	47,544	54,091	58,578	62,971
Non current assets									
Long-term receivables	41	38	24	38	19	19	19	19	19
Investments	-	-	-	-	-	-	-	-	-
Investment property	234,077	204,491	131,492	269,134	131,492	131,492	124,561	122,561	120,561
Investment in Associate	-	-	-	-	-	-	-	-	-
Property, plant and equipment	406,135	448,559	554,367	612,224	487,774	487,774	538,070	575,095	611,956
Agricultural	-	-	-	-	-	-	-	-	-
Biological	-	-	-	-	-	-	-	-	-
Intangible	2,059	2,126	1,893	2,190	1,893	1,893	1,573	1,254	934
Other non-current assets	-	-	-	-	-	-	-	-	-
Total non current assets	642,312	655,214	687,776	883,586	621,178	621,178	664,223	698,929	733,471
TOTAL ASSETS	696,039	698,693	749,307	925,235	668,722	668,722	718,315	757,506	796,442
LIABILITIES									
Current liabilities									
Bank overdraft	-	-	-	-	-	-	-	-	-
Borrowing	5,275	6,518	6,979	8,000	7,183	7,183	8,338	8,312	9,223
Consumer deposits	3,149	3,245	3,306	3,550	3,550	3,550	3,763	3,989	4,228
Trade and other payables	24,775	31,946	46,831	27,993	34,957	34,957	34,331	34,671	37,318
Provisions	13,743	16,005	12,700	17,600	12,308	12,308	12,308	12,308	12,308
Total current liabilities	46,942	57,715	69,816	57,143	57,999	57,999	58,740	59,280	63,078
Non current liabilities									
Borrowing	100,129	112,747	105,788	117,256	105,648	105,648	102,980	107,018	105,636
Provisions	51,128	56,163	59,746	61,396	64,650	64,650	69,183	74,289	80,021
Total non current liabilities	151,256	168,910	165,534	178,652	170,298	170,298	172,164	181,308	185,657
TOTAL LIABILITIES	198,199	226,625	235,350	235,795	228,297	228,297	230,904	240,588	248,735
NET ASSETS	497,840	472,068	513,958	689,440	440,425	440,425	487,411	516,919	547,707
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	486,643	460,590	472,311	675,881	397,882	397,882	443,297	472,805	503,594
Reserves	11,198	11,478	41,647	13,559	42,544	42,544	44,114	44,114	44,114
Minorities' interests	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	497,840	472,068	513,958	689,440	440,425	440,425	487,411	516,919	547,707

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with the standards of Generally Recognized Accounting Practice (GRAP), as with the financial Statements, and improves understandability of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily convertible into cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page 81) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Budgeted Cash Flows (Table A7)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	160,997	153,670	165,868	215,920	192,467	192,467	228,062	243,510	261,248
Government - operating	42,988	56,428	63,624	86,840	105,328	105,328	103,590	102,187	114,414
Government - capital	53,435	58,973	77,511	62,851	45,969	45,969	54,670	38,210	43,464
Interest	9,054	9,572	10,024	6,200	10,200	10,200	8,962	6,966	5,478
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(221,554)	(218,692)	(210,906)	(281,041)	(300,465)	(300,465)	(307,741)	(323,178)	(351,972)
Finance charges	(10,934)	(12,928)	(12,780)	(13,731)	(14,522)	(14,522)	(12,133)	(11,571)	(10,783)
Transfers and Grants	(428)	(638)	(783)	-	(850)	(850)	(1,000)	(1,060)	(1,124)
NET CASH FROM/(USED) OPERATING ACTIVITIES	33,558	46,384	92,559	77,039	38,128	38,128	74,410	55,064	60,725
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	3,578	3,689	8,398	-	4,009	4,009	1,656	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	5	3	13	-	5	5	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
Payments									
Capital assets	(44,670)	(65,246)	(88,401)	(73,594)	(69,980)	(69,980)	(67,547)	(55,155)	(55,914)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(41,087)	(61,554)	(79,990)	(73,594)	(65,966)	(65,966)	(65,891)	(55,155)	(55,914)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	26,496	21,385	23	7,075	7,075	7,075	5,670	12,349	7,841
Increase (decrease) in consumer deposits	207	95	61	250	244	244	213	226	239
Payments									
Repayment of borrowing	(3,911)	(7,520)	(6,521)	(8,000)	(7,011)	(7,011)	(7,183)	(8,338)	(8,312)
NET CASH FROM/(USED) FINANCING ACTIVITIES	22,792	13,960	(6,437)	(674)	308	308	(1,300)	4,238	(231)
NET INCREASE/ (DECREASE) IN CASH HELD	15,262	(1,210)	6,131	2,770	(27,530)	(27,530)	7,220	4,146	4,581
Cash/cash equivalents at the year begin:	7,362	22,624	21,414	9,028	27,545	27,545	15	7,235	11,381
Cash/cash equivalents at the year end:	22,624	21,414	27,545	11,798	15	15	7,235	11,381	15,962

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. Cash and cash equivalents totals R7, 235 million as at the end of the 2014/15 financial year and increase to R15, 962 million by 2016/17.

Cash Backed reserves/accumulated surplus reconciliation (Table A8)

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available									
Cash/cash equivalents at the year end	22,624	21,414	27,545	11,798	15	15	7,235	11,381	15,962
Other current investments > 90 days	0	0	0	-	-	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	22,624	21,414	27,545	11,798	15	15	7,235	11,381	15,962
Application of cash and investments									
Unspent conditional transfers	2,414	7,554	5,529	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	790	951	1,637	653	1,637	1,637	1,637	1,637	1,637
Other working capital requirements	(4,421)	7,558	16,298	1,457	(2,914)	(2,914)	(6,854)	(7,160)	(4,640)
Other provisions	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	39	55	555	2,059	1,452	1,452	3,022	3,022	3,022
Total Application of cash and investments:	(1,178)	16,119	24,019	4,169	175	175	(2,195)	(2,501)	19
Surplus(shortfall)	23,802	5,295	3,526	7,629	(160)	(160)	9,430	13,882	15,943

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2010/11 to 2014/15 the situation deteriorated from R23,802 million surplus to R9, 430 million surplus.

Asset Management (Table A9)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	17,275	40,114	45,101	51,674	44,348	44,348	33,548	27,982	27,363
Infrastructure - Road transport	—	—	—	—	—	—	—	—	—
Infrastructure - Electricity	1,638	5,216	3,672	620	2,518	2,518	3,900	3,000	3,000
Infrastructure - Water	2,883	4,105	297	7,746	9,430	9,430	—	—	—
Infrastructure - Sanitation	592	2,653	196	9,282	11,127	11,127	—	4,420	631
Infrastructure - Other	—	808	—	—	—	—	22,964	13,360	17,680
Infrastructure	5,114	12,782	4,165	17,649	23,075	23,075	26,864	20,780	21,311
Community	—	—	3,258	1,100	3,786	3,786	3,286	3,876	4,027
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	9,602	22,182	34,300	29,502	12,170	12,170	—	—	—
Other assets	2,559	5,150	3,378	3,423	5,317	5,317	3,398	3,325	2,025
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
Total Renewal of Existing Assets	27,348	24,784	43,221	21,921	25,632	25,632	33,999	27,173	28,550
Infrastructure - Road transport	9,179	4,528	8,296	4,399	5,104	5,104	3,263	10,127	11,449
Infrastructure - Electricity	1,885	—	4,221	—	2,860	2,860	2,500	2,000	—
Infrastructure - Water	11,252	6,626	8,762	—	1,317	1,317	9,242	—	—
Infrastructure - Sanitation	4,348	12,918	20,091	14,252	12,491	12,491	18,604	7,662	7,001
Infrastructure - Other	—	—	347	—	—	—	—	6,384	9,101
Infrastructure	26,665	24,071	42,527	18,651	21,772	21,772	33,609	26,173	27,550
Community	683	—	695	3,270	3,313	3,313	—	1,000	1,000
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	—	713	—	—	547	547	390	—	—
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
Total Capital Expenditure	9,179	4,528	8,296	4,399	5,104	5,104	3,263	10,127	11,449
Infrastructure - Road transport	3,523	5,216	7,893	620	5,378	5,378	6,400	5,000	3,000
Infrastructure - Electricity	14,135	10,731	9,059	7,746	10,747	10,747	9,242	—	—
Infrastructure - Water	4,941	15,571	21,097	23,535	23,618	23,618	18,604	12,083	7,632
Infrastructure - Sanitation	—	808	347	—	—	—	22,964	19,744	26,781
Infrastructure - Other	31,778	36,853	46,691	36,300	44,847	44,847	60,473	46,954	48,862
Infrastructure	683	—	3,953	4,370	7,099	7,099	3,286	4,876	5,027
Community	—	—	—	—	—	—	—	—	—
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	9,602	22,182	34,300	29,502	12,170	12,170	—	—	—
Other assets	2,559	5,863	3,378	3,423	5,864	5,864	3,788	3,325	2,025
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset class	44,623	64,898	88,323	73,594	69,980	69,980	67,547	55,155	55,914
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	71,626	73,769	79,489	78,168	77,851	77,851	78,056	85,364	94,109
Infrastructure - Electricity	25,047	30,471	37,483	31,091	34,365	34,365	39,323	43,043	44,900
Infrastructure - Water	86,931	96,003	104,701	103,749	110,011	110,011	116,638	114,407	112,400
Infrastructure - Sanitation	65,140	79,089	99,130	102,624	119,621	119,621	135,232	144,702	149,909
Infrastructure - Other	18,490	36,376	69,734	296,592	291,978	291,978	313,839	330,951	353,801
Infrastructure	267,233	315,709	390,537	612,224	633,825	633,825	683,088	718,466	755,119
Community	5,286	221	1,016	—	5,781	5,781	8,806	13,385	18,114
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	234,077	204,491	131,492	269,134	131,492	131,492	124,561	122,561	120,561
Other assets	133,616	132,629	162,814	—	151,982	151,982	149,990	147,058	142,538
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	2,059	2,126	1,893	2,190	1,893	1,893	1,573	1,254	934
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	642,271	655,176	687,752	883,548	924,973	924,973	968,018	1,002,724	1,037,266
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	9,420	49,320	98,311	19,941	128,555	128,555	23,081	20,449	21,372
Repairs and Maintenance by Asset Class	14,054	15,553	17,849	21,405	20,110	20,110	22,906	25,400	26,721
Infrastructure - Road transport	2,214	2,397	3,731	3,826	3,785	3,785	4,855	4,872	5,347
Infrastructure - Electricity	1,043	1,593	907	1,500	440	440	2,700	2,862	3,034
Infrastructure - Water	1,350	1,210	1,659	2,520	1,379	1,379	1,662	1,761	1,867
Infrastructure - Sanitation	1,186	1,280	1,617	1,390	1,440	1,440	1,946	2,106	2,279
Infrastructure - Other	—	89	82	125	125	125	144	153	162
Infrastructure	5,792	6,568	7,996	9,367	7,170	7,170	11,307	11,754	12,689
Community	1,143	1,096	764	850	840	840	900	900	900
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	7,119	7,889	9,089	11,194	12,101	12,101	10,699	12,745	13,131
TOTAL EXPENDITURE OTHER ITEMS	23,474	64,873	116,160	41,346	148,665	148,665	45,987	45,849	48,093
Renewal of Existing Assets as % of total capex	61.3%	38.2%	48.9%	29.8%	36.6%	36.6%	50.3%	49.3%	51.1%
Renewal of Existing Assets as % of deprecn"	290.3%	50.3%	44.0%	109.9%	19.9%	19.9%	147.3%	132.9%	133.6%
R&M as a % of PPE	3.5%	3.5%	3.2%	3.5%	4.1%	4.1%	4.3%	4.4%	4.4%
Renewal and R&M as a % of PPE	6.0%	6.0%	9.0%	5.0%	5.0%	5.0%	6.0%	5.0%	5.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality meet the recommendations in regard to renewal of existing assets as 50.3% of capital budget is allocated to renewal of existing assets, but recommendation on repairs and maintenance in not met as the percentage of PPE is 4.3%. The reasons for the non-compliance to this National treasury guideline are due to the fact that the tariffs are already high. Repairs and maintenance expenditure will also be gradually increased in order to achieve the guideline levels of 8% but also to align the spending with the municipality's maintenance plans.

Basic Service Delivery measurement (Table A10)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets									
Water:									
Piped water inside dwelling	24,283	17,815	21,572	24,877	24,877	24,877	23,331	24,264	25,235
Piped water inside yard (but not in dwelling)	—	—	—	—	—	—	—	—	—
Using public tap (at least min.service level)	689	4,624	5,097	—	—	—	5,079	5,079	5,079
Other water supply (at least min.service level)	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>	24,972	22,439	26,669	24,877	24,877	24,877	28,410	29,343	30,314
Using public tap (< min.service level)	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	—	—	—	—	—	—	—	—	—
No water supply	61	61	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>	61	61	—	—	—	—	—	—	—
Total number of households	25,033	22,500	26,669	24,877	24,877	24,877	28,410	29,343	30,314
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	24,111	16,676	21,572	24,877	24,877	24,877	23,331	24,264	25,235
Flush toilet (with septic tank)	5,757	1,229	1,229	—	—	—	1,229	1,229	1,229
Chemical toilet	—	—	—	—	—	—	—	—	—
Pit toilet (ventilated)	—	—	—	—	—	—	—	—	—
Other toilet provisions (> min.service level)	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>	29,868	17,905	22,801	24,877	24,877	24,877	24,560	25,493	26,464
Bucket toilet	—	—	—	—	—	—	—	—	—
Other toilet provisions (< min.service level)	—	—	—	—	—	—	—	—	—
No toilet provisions	475	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>	475	—	—	—	—	—	—	—	—
Total number of households	30,343	17,905	22,801	24,877	24,877	24,877	24,560	25,493	26,464
Energy:									
Electricity (at least min.service level)	1,200	1,000	800	1,000	1,000	1,000	200	200	200
Electricity - prepaid (min.service level)	4,060	4,268	4,700	5,200	5,200	5,200	5,550	5,750	5,950
<i>Minimum Service Level and Above sub-total</i>	5,260	5,268	5,500	6,200	6,200	6,200	5,750	5,950	6,150
Electricity (< min.service level)	—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)	—	—	—	—	—	—	—	—	—
Other energy sources	—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>	—	—	—	—	—	—	—	—	—
Total number of households	5,260	5,268	5,500	6,200	6,200	6,200	5,750	5,950	6,150
Refuse:									
Removed at least once a week	21,324	22,439	26,669	24,877	24,877	24,877	28,844	29,998	31,198
<i>Minimum Service Level and Above sub-total</i>	21,324	22,439	26,669	24,877	24,877	24,877	28,844	29,998	31,198
Removed less frequently than once a week	—	—	—	—	—	—	—	—	—
Using communal refuse dump	—	—	—	—	—	—	—	—	—
Using own refuse dump	—	—	—	—	—	—	—	—	—
Other rubbish disposal	—	—	—	—	—	—	—	—	—
No rubbish disposal	—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>	—	—	—	—	—	—	—	—	—
Total number of households	21,324	22,439	26,669	24,877	24,877	24,877	28,844	29,998	31,198
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	5,636	5,466	6,011	8,000	8,000	8,000	5,779	5,779	5,779
Sanitation (free minimum level service)	5,483	3,173	5,862	8,000	8,000	8,000	5,687	5,687	5,687
Electricity/other energy (50kwh per household per month)	1,032	5,327	2,070	8,000	8,000	8,000	5,475	5,475	5,475
Refuse (removed at least once a week)	5,638	5,464	6,024	8,000	8,000	8,000	5,783	5,783	5,783
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	2,633	1,472	2,295	3,115	3,115	3,115	6,918	7,333	7,773
Sanitation (free sanitation service)	4,171	3,004	3,538	4,932	4,932	4,932	5,651	5,990	6,349
Electricity/other energy (50kwh per household per month)	3,572	2,343	2,942	2,197	2,197	2,197	2,488	2,637	2,795
Refuse (removed once a week)	5,184	2,806	4,730	6,247	6,247	6,247	7,407	7,851	8,322
Total cost of FBS provided (minimum social package)	15,561	9,625	13,505	16,491	16,491	16,491	22,463	23,811	25,240
Highest level of free service provided									
Property rates (R value threshold)	50,000	50,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	—	—	—	—	—	—	6	6	6
Sanitation (Rand per household per month)	77	77	86	97	97	97	—	—	—
Electricity (kwh per household per month)	50	60	70	70	70	70	70	70	70
Refuse (average litres per week)	—	240	240	240	240	240	240	240	240
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	13,224	952	339	882	882	882	882	882	882
Property rates (other exemptions, reductions and rebates)	—	—	—	—	—	—	—	—	—
Water	3,028	2,204	2,295	3,302	3,302	3,302	6,918	7,333	7,773
Sanitation	4,797	3,304	3,538	5,426	5,426	5,426	5,651	5,990	6,349
Electricity/other energy	4,108	972	2,942	2,588	2,588	2,588	2,488	2,637	2,795
Refuse	5,962	4,203	4,730	6,515	6,515	6,515	7,407	7,851	8,322
Municipal Housing - rental rebates	1,298	1,149	1,047	1,327	1,327	1,327	1,330	1,409	1,494
Housing - top structure subsidies	—	—	—	—	—	—	—	—	—
Other	—	1,642	1,830	2,874	2,874	2,874	2,825	2,995	3,174
Total revenue cost of free services provided (total social package)	32,418	14,426	16,721	22,914	22,914	22,914	27,500	29,097	30,790

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Water services
 - b. Sanitation services
 - c. Electricity services
 - d. Refuse services
3. The Threshold to receive FBE in Theewaterskloof is two times the state old age pension. This threshold was decided on after taking into account the socio-economic and other conditions presently prevalent in the Theewaterskloof Municipal area. The methodology behind this threshold is viewed to be one that is practical, fair, equitable, and justifiable and it does not alienate any group of households. The old age pension is viewed as a relatively accurate measurement of poverty and affordability of municipal services. Decreasing the threshold will in any event result in an escalation of bad debt.
4. The budget provides for +/- 5 780 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities and housing.
5. It is anticipated that these Free Basic Services will cost the municipality R22, 463 million in 2014/15, increasing to R25, 240 million in 2016/17. This is covered by the municipality's equitable share allocation from national government.
6. This need to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 7 per cent of total operating revenue.

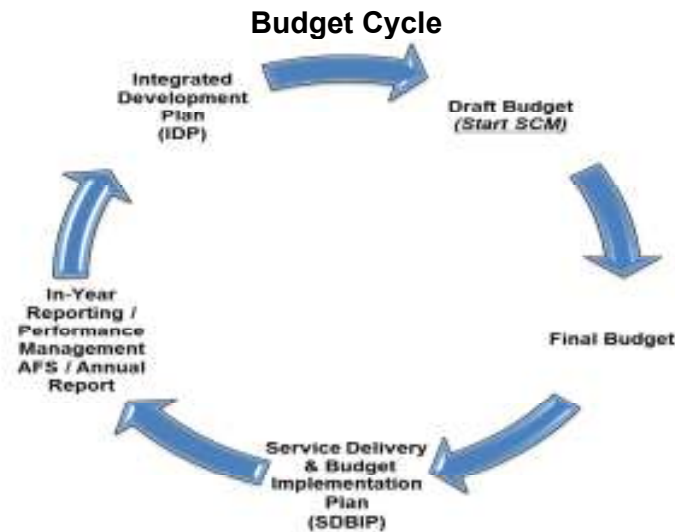
6. Overview of Annual Budget Process

Planning Process used to prepare the Annual Draft Budget

In terms of Section 16 of the MFMA, the Mayor must, at least 90 days before the start of the financial year, table the annual budget at a council meeting. Section 53 requires the Mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations, gazetted on 17 April 2009, states that the Mayor of a municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

A time schedule outlining important dates and deadlines as prescribed for the IDP/Budget process, Section 21 (1) (b) was approved by council on 25 July 2013. The budget process for the 2014/2015 MTREF period started and will proceed according to the following timeline:

Phase	Activity	Date
Planning	Tabling of Draft IDP/Budget Process Plan for Council approval	25 July 2013
	Strategic Workshop with councillors and Management.	05 - 06 September 2013
Public Participation	Ward committees and Town advisory forums together with town manager to conduct ward/town analysis and prioritize and draft Ward/town IDP's incorporating strategic planning outcomes.	07 - 15 October 2013
	Town Mangers and Ward Committees present outcomes of Draft IDP to the communities.	19 October – 06 November 2013
Prioritization	Town Mangers and Ward committees reprioritize ward IDP's incorporating publics input.	11 - 14 November 2013
	Prioritization-Council IDP workshop	20 November 2013
Alignment	Budget workshop- aligning IDP with Budget	25 February 2014
	IDP indaba	13 February 2014
Tabling	Table Draft IDP and Capital and Operating Budgets at Council in terms of Section 16(2) of the MFMA	27 March 2014
	Advertise draft IDP and Budget for public input	01 – 25 April 2014
Public Participation	Report Back to ward committees/TAF regarding draft IDP and Capital and Operating Budget.	07 - 22 April 2014
Adoption	Approval of IDP and Budget by Council	27 May 2014
Finalizing	Advertise Approved budget, IDP and Tariffs.	03 - 25 June 2014



The process started with the approval of a Time Schedule, ten months before the start of the new financial year in accordance with section 21(1)(b) of the MFMA. The key deadlines for the process to review the IDP, Budget Related Policies and prepare, table and approve the Annual Budget were approved by Council on 25 July 2013. The key deadlines outlined included the deadline for the consultative process as referred to in Chapter 4 of the MSA.

The next step in the Budget Process was Strategizing. A Strategic Planning Workshop of Councillors and Senior Management were conducted on 05 - 06 September 2013 to decide on the Strategic direction of the Council which inform the IDP.

The IDP was then reviewed through processes, mechanisms, and procedures that allow the local community to participate and be consulted on its Development needs and priorities. The Public Participation meetings were held during October 2013 and facilitated by TWK officials, in order to include in the Integrated Development Plan. The purpose of the consultations was to engage and agree with community stakeholders on community needs, setting uniform, realistic, reasonable, and affordable service levels and appropriate tariffs for the delivery of municipal services to the communities.

After the Strategizing Phase and Compiling of the IDP a Draft Operating Budget and Capital Budget was prepared, informed and reconciled with the IDP and reflect the Developmental Needs of the Community. On the 23 January 2014 the Council considered the 2013/2014 Mid-year Review and Adjustment Budget.

In preparing the budget the following were taken into account:

- The Integrated Development Plan (IDP)
- Revenue and Expenditure Projections for future financial years
- The (Draft) National and Provincial Strategic Objectives
- Division of Revenue Act (DORA)
- Realistically Anticipated Revenue
- Affordability and sustainability of Tariffs
- Level of Service and Cost-Recovery

On 06 March 2014 a Council Budget Workshop was held to discuss the Draft Budget and afterwards feedback was given to certain departments to revise their budget accordingly.

- The draft budget is hereby tabled in Council on 27 March 2014.
- Public Consultation will be held during April 2014.
- The draft budget will be advertised for comments till 25 April 2014.
- The Provincial LG MTEC deliberations will be held during May 2014.
- The final operational and capital reviews, tariff reviews, policy reviews and a review of comments will be held during April/May 2014 for the final compilation and completion of the 2014/15 budget.

IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Strategic Plan included the following key IDP goals:

- Financial Sustainability
- Good Governance and Clean Audit
- Institutional Capacity Development
- Basic Service Delivery and Infrastructure
- Local Economic Development and Social Upliftment
- Sustainable Housing Programme
- Environmental Sustainability

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2013/14 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

7. Overview of Alignment of Annual Budget with IDP

An IDP should be utilised as a method to plan for future developments in the areas and to find the best solutions to achieve long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. It is important that the IDP developed by municipalities correlate with National and Provincial intent.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies

It is considered that a well-run budget process that incorporates the IDP will facilitate community input, encourage discussion, promote a better understanding of community needs, provide an opportunity for feedback, and improve accountability, transparency, and responsiveness to the needs of the local communities.

Vision of Theewaterskloof Municipality

To ensure and preserve the heritage and natural resources within the region, create and develop a safe, healthy, crime free, economically stable and viable environment for all.

Mission of Theewaterskloof Municipality

“To provide, develop and promote equal opportunities for everyone to stay in a safe, healthy, crime free, economically stable and viable environment through transparent and effective governance, politically stable, planning, services and the efficient and effective utilisation of resources”

STRATEGIC FOCUS AREAS (SFA)

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. The municipality opted to focus on five strategic areas which would result in **it overcoming its challenges and achieving its vision.**

SFA 1: FINANCIAL VIABILITY

Strategic Goal	Improved Financial Sustainability of the Municipality
Municipal Strategic Focus areas	Financial Viability
Strategic Objective	SO1: Improved Sustainable Financial Management of the Theewaterskloof Municipality and Execute Legislative requirements
Challenges	Low income base (high unrecoverable debt) Reliant on grants (due to high unemployment rate and large indigent population) Global Economic recession This has resulted in an increase in unemployment, greater dependence on grants and subsidies and escalating prices of commodities) The cost of compliance with increased legislation, regulations and accounting standards is not only costing more without any significant tangible benefits to the communities, it is also time-consuming and counter-productive.

Outcome / Impact	Financial Sustainability and improved audit opinion	
Strategic Risks		
Municipal Directorate	Financial Services	
Departmental Objectives	Work towards obtaining a clean audit Vigorous driving and management of projects of the financial sustainability steering committee Review Tariff structure Improved functioning and results of the Revenue Section/improve the collection rate Improved Financial Management	
Municipal Directorate	Corporate Services	
Departmental Objectives	Improved Financial Management	
Alignment with National and Provincial Strategies		
Sphere	Description	
National KPA	Municipal Financial Viability and Management	
National Outcome	A responsive and accountable, effective and efficient local government system	
National Development Plan (2030)	Developing a capable and Development State	
Provincial Strategic Objective	Mainstreaming sustainability and optimising resource-use efficiency	
District Strategic Objective	To attain and maintain financial viability and sustainability by executing accounting services in accordance with National Policy and guidance	
Main Functions and Sector Plans associated with this SO		
Municipal Functions	Other spheres	Specific Plans
Good systems, compliance, revenue optimisation, financial sustainability planning	National Treasury and Provincial Treasury; ensuring clean audit	Budgets and 3 yr. plans; SDBIP

SFA 2: GOOD GOVERNANCE

Strategic Goal	Good Governance and Clean Audit
Municipal Strategic Focus areas	Good Governance
Strategic Objective	SO 2: Good Governance and Improve the auditing status of the Municipality
Challenges	The cost of compliance with increased legislation, regulations and accounting standards is not only costing more without any significant tangible benefits to the communities, it is also time-consuming and counter-productive.
Outcome / Impact	Clean audit Improved relationships Improved communication Improved community engagements
Strategic Risks	
Municipal Directorate	Corporate Services
Departmental Objectives	Improve the functioning of the ward committee system
Municipal Directorate	Office of the MM
Departmental Objectives	Work towards obtaining a clean audit Improved relationships

	Improved Communication and community involvement	
Alignment with National and Provincial Strategies		
Sphere	Description	
National KPA	Good Governance and Public Participation	
National Outcome	A responsive and accountable, effective and efficient local government system	
National Development Plan (2030)	Developing a capable and Development State	
Provincial Strategic Objective	Not applicable	
District Strategic Objective	To ensure Good Governance practice by providing a democratic and proactive accountable government and ensuring community participation through existing IDP structures	
Main Functions and Sector Plans associated with this SO		
Municipal Functions	Other spheres	Specific Plans
Council, public and stakeholder participation, ward Committees, policies, bylaws	legislative framework and support	
SFA 3: INSTITUTIONAL DEVELOPMENT		
Strategic Goal	Optimisation of Capacity	
Municipal Strategic Focus areas	Institutional Development	
Strategic Objective	SO 3:Refine and improve the institutional capacity of the municipality	
Challenges	Lack of succession planning Trained workforce (water, sanitation, road works etc) Inadequate systems and SOP's Lack/shortage of Man power Lack of office space Shortage of Fleet (Traffic, refuse removal etc.) Poor payment rate	
Outcome / Impact	Improved safety in working environment Clean audit Improved processes and productivity Improved IT systems Improved municipal capacity Improved legal compliance Improved processes and productivity	
Strategic Risks		
Municipal Directorate	Corporate Services	
Departmental Objectives	Launch a productivity improvement plan based on the outcome of a productivity assessment Improved IT service and infrastructure Implement outcome based training strategies and programmes Continuous review of policies and delegations and by-laws Conduct a productivity assessment	
Municipal Directorate	Office of the MM	
Departmental Objectives	Optimum 30optimizing30 of PMS to ensure continuous performance improvement working towards a clean performance audit	
Alignment with National and Provincial Strategies		
Sphere	Description	
National KPA	Municipal Transformation and Institutional Development	

National Outcome	A responsive and accountable, effective and efficient local government system	
National Development Plan (2030)	Developing a capable and Development State	
Provincial Strategic Objective	Mainstreaming sustainability and 31ptimizing resource-use efficiency	
District Strategic Objective	To ensure municipal transformation and institutional development by creating a staff structure that would adhere to the principles of employment equity and promote skills development.	
Main Functions and Sector Plans associated with this SO		
Municipal Functions	Other spheres	Specific Plans
Organisational Development, Systems		Operational plan, Performance Management System

SFA 4: BASIC SERVICE DELIVERY

Strategic Goal	Improve Service Levels
Municipal Strategic Focus areas	Basic Service Delivery
Strategic Objective	SO 4: Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process
Challenges	• Budget (poor payment rate) • Shortage of Fleet (Traffic, refuse removal etc.) • Lack/shortage of Man power
Outcome / Impact	• Provide residents with adequate basic services • Conserve and rehabilitate the natural environment • Mitigate the risk of potential disasters • Sustainable water provision • Increased safety • Backlog reduction • Maintained community facilities • Maintained fleet • Improved electricity provision • Increased cemetery capacity • Rehabilitation and maintenance of urban streets • Improved sewerage provision • Improved and sustainable solid waste management • Increased capacity for sustainable sewerage network • Improved stormwater network • Increased revenue collection
Strategic Risks	
Municipal Directorate	Technical Services
Departmental Objectives	• Mitigate the risk of potential disasters • Manage the municipality's natural resources (Reserves, public open spaces, waterways) • Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution program • Conserve the natural environment and improve the quality of our living environment
Municipal Directorate	Operational Services
Departmental Objectives	• Day to Day Service Delivery • Infrastructure and bulk upgrades
Alignment with National and Provincial Strategies	
Sphere	Description
National KPA	Basic Service Delivery
National Outcome	• An effective, competitive and responsive economic infrastructure network • Protection and enhancement of environmental assets and natural resources

National Development Plan (2030)	• Nation building and social cohesion • Environmental Sustainability and Resilience • Economy and Development
Provincial Strategic Objective	Mainstreaming sustainability and optimising resource-use efficiency
District Strategic Objective	To ensure the Health and safety of all in the Overberg District through the provision of efficient basic services and infrastructure into disaster management, municipal health and environmental management

Main Functions and Sector Plans associated with this SO

Municipal Functions	Other spheres	Specific Plans
Water, sanitation, roads, transport infrastructure, storm water, waste removal, parks, recreation. Forward Planning and integration with Human Settlements	MIG funds and other external funding, DWA initiatives	Master plans; MIG project plans, Water Services Plans,

Strategic Goal	Improve Service Levels
Municipal Strategic Focus areas	Basic Service Delivery
Strategic Objective	SO 6: Increased community safety through traffic policing, bylaw enforcement and disaster management
Challenges	• Shortage of Fleet (Traffic) • Lack/shortage of Man power • Lack of updated by-laws
Outcome / Impact	• Increased community safety • Improved environmental management
Strategic Risks	
Municipal Directorate	Development Services
Departmental Objectives	• Implementation of Town Renewal Strategies by using mechanisms such as Special Rates Areas • Implementation of Law Enforcement Strategy

Alignment with National and Provincial Strategies

Sphere	Description
National KPA	• Basic Service Delivery
National Outcome	• All people in south Africa protected and feel safe
National Development Plan (2030)	• Building Safer Communities
Provincial Strategic Objective	• Increasing safety

Main Functions and Sector Plans associated with this SO

Municipal Functions	Other spheres
Planning and Functioning of Settlements and Conservation, Traffic	Planning support (DEADP) and Compliance e.g. NEMA

Strategic Goal	Improve Service Levels
Municipal Strategic Focus areas	Basic Service Delivery
Strategic Objective	SO 6: Increased community safety through traffic policing, bylaw enforcement and disaster management

Challenges	• Shortage of Fleet (Traffic) • Lack/shortage of Man power • Lack of updated by-laws	
Outcome / Impact	• Increased community safety • Improved environmental management	
Strategic Risks		
Municipal Directorate	Development Services	
Departmental Objectives	• Implementation of Town Renewal Strategies by using mechanisms such as Special Rates Areas • Implementation of Law Enforcement Strategy	
Alignment with National and Provincial Strategies		
Sphere	Description	
National KPA	• Basic Service Delivery	
National Outcome	• All people in south Africa protected and feel safe	
National Development Plan (2030)	• Building Safer Communities	
Provincial Strategic Objective	• Increasing safety	
Main Functions and Sector Plans associated with this SO		
Municipal Functions	Other spheres	Specific Plans
Planning and Functioning of Settlements and Conservation, Traffic	Planning support (DEADP) and Compliance e.g. NEMA	Law Enforcement Strategy, SDF
Strategic Goal	Improve Service Levels	
Municipal Strategic Focus areas	Basic Service Delivery	
Strategic Objective	SO 7:To develop integrated and sustainable human settlements that will address the housing demand within the Theewaterskloof Area	
Challenges	Influx of indigent people Increased demand or housing Land availability Funding	
Outcome / Impact	Sustainable human settlements	
Strategic Risks		
Municipal Directorate	Development Services	
Departmental Objectives	The establishment of sustainable rural settlements in the villages of Klein begins, Nuweberg and Lebanon in following the Comprehensive Rural Development Process. Provision of GAP housing Provision of economic and social facilities Ensure unbiased allocation of housing opportunities Acquire land for planned integrated Human Settlements Implementation of the Human Settlements Program which includes programs such as IRDP, EHP & EPHP) & Provision and Implementation of serviced sites	
Alignment with National and Provincial Strategies		
Sphere	Description	
National KPA	Basic Service Delivery	
National Outcome	Sustainable human settlements and improved quality of household life	
National Development Plan (2030)	Transforming Human Settlements	
Provincial Strategic	Developing integrated and sustainable human settlements	

Objective		
District Strategic Objective	To ensure the Health and safety of all in the Overberg District through the provision of efficient basic services and infrastructure its disaster management, municipal health and environmental management	
Main Functions and Sector Plans associated with this SO		
Municipal Functions	Other spheres	Specific Plans
planning and implementing housing projects with govt funds, GAP housing, managing emerging settlements	DHS, Human Settlement Projects	Human Settlement Plan & Housing Pipeline

SFA 5: LOCAL ECONOMIC DEVELOPMENT

Strategic Goal		
Municipal Strategic Focus areas	Local Economic Development	
Strategic Objective	SO 8: Creating and enabling environment favorable for economic and human development in a sustainable manner	
Challenges	High level of unemployment Lack of interest of local labour in working in the Agricultural sector Poor quality of education Not enough housing stock in the area to attract paying residents High level of imports into the municipal area increasing costs. High level of substance abuse among youth	
Outcome / Impact	Improved economic growth Improved social conditions	
Strategic Risks		
Municipal Directorate	Development Services	
Departmental Objectives	Replication of the methodology used to successfully attract private sector investment to Elgin/Grabouw to at least one other area in the Theewaterskloof jurisdiction Implement the Youth Development Strategy in line with National programs such as EPWP, CWP and the youth entrepreneurial project Facilitate the establishment of partnerships that will result in the improved social conditions of certain communities (vulnerable groups) Establish an investor and developer institutional friendly environment within the Municipality Contracting and Implementation of the Grabouw Investment Initiative	

Alignment with National and Provincial Strategies

Sphere	Description
National KPA	Local Economic Development
National Outcome	Decent employment through inclusive economic growth
National Development Plan (2030)	Economy and Development
Provincial Strategic Objective	Creating opportunities for growth and jobs
District Strategic objective	To promote local economic development by supporting initiatives in the District for the Development of a sustainable district economy

Main Functions and Sector Plans associated with this SO

Municipal Functions	Other spheres	Specific Plans
Creating Framework for Growth, Job Creation, Tourism, Specific Projects, PPPs, Town	DEADP, DoEDT Thusong initiative, CDWs, DECAS, DoE, DoSD, Rural	SDF, LED strategy Youth Development Strategy. EPWP Strategy, 2030 Strategy, 2030 Projections, Green Economy, Tourism sector plan, Destination Marketing Plan

Planning Health and Safety,, everything to do with soft services and recreation, human development, education and training	Development	
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In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

The 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Reconciliation between the IDP strategic objectives and budgeted revenue (Table SA4)

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Municipal transformation and organisational development	Executive and Council: Directorate: Corporate Services		1,200	1,200	800	890	890	890	934	966	-
Municipal Financial Viability and Management	Executive and Council: Council General Expenditure Finance and Admin: Information Technology, Financial Services, Property Rates, internal Audit		83,350	88,384	101,616	106,758	112,538	112,538	119,208	119,339	126,511
Promotion of Tourism and Local Economic Development	Local Economic Development and Development Administration Town Planning Property Management Building Control Public Safety		5,477	4,659	7,839	11,029	15,863	15,863	16,648	17,270	18,139
Good Governance and Public Participation	Executive and Council: Directorate: Corporate Services Executive and Council: Council General Expenditure Human Resources IDP Office		2,685	3,005	6,185	3,933	4,618	4,618	7,118	5,701	7,150
Basic Services Delivery and Infrastructure Development	Director: Operational Services Land and Buildings (Property Services) Waste Management (Refuse Removal) Sewerage Road Transport Water Electricity Housing		190,434	202,363	254,771	255,667	257,289	257,289	268,438	265,759	292,228
Human Development	Social Services: Council General Expenditure IDP Office - Partnership Development Community and Social Services Sport & Recreation		1,136	4,362	6,067	6,563	6,654	6,654	6,230	6,526	6,890
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			284,282	303,973	377,278	384,840	397,852	397,852	418,577	415,561	450,917

Reconciliation between the IDP strategic objectives and budgeted operating expenditure
(Table SA5)

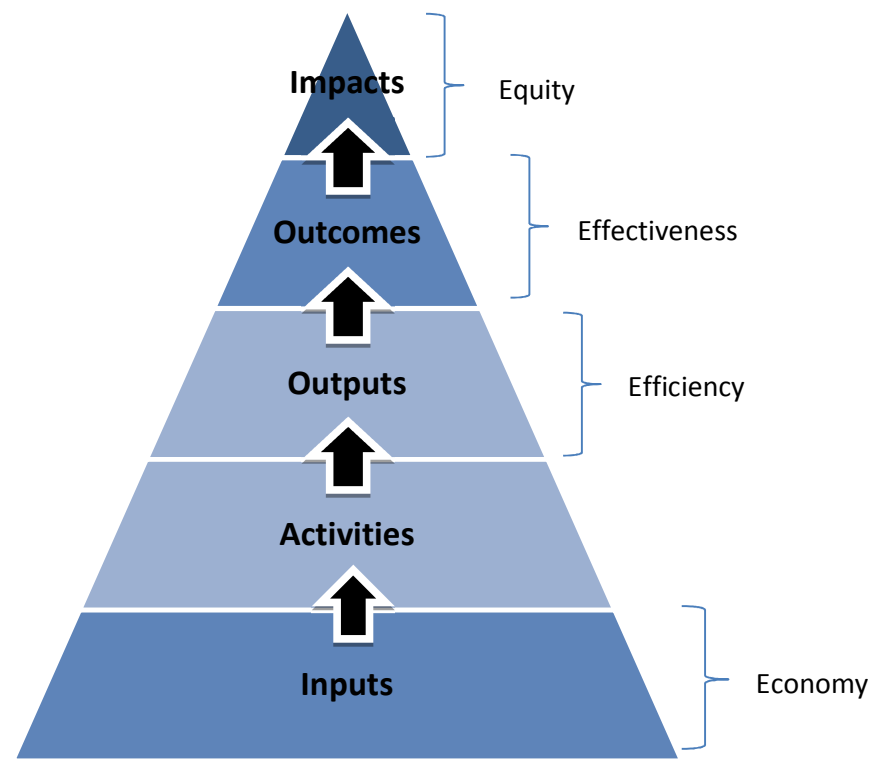
Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Municipal transformation and organisational development	Executive and Council: Directorate: Corporate Services		1,200	1,200	800	890	890	890	934	966	–
Municipal Financial Viability and Management	Executive and Council: Council General Expenditure Finance and Admin: Information Technology, Financial Services, Property Rates, internal Audit		24,421	30,598	30,710	30,437	39,054	39,054	38,979	40,592	44,000
Promotion of Tourism and Local Economic Development	Local Economic Development and Development Administration Town Planning Property Management Building Control Public Safety		18,140	19,290	20,997	24,553	26,414	26,414	27,374	30,823	33,445
Good Governance and Public Participation	Executive and Council: Directorate: Corporate Services Executive and Council: Council General Expenditure Human Resources IDP Office		40,839	47,395	43,180	51,513	53,030	53,030	55,416	59,818	65,608
Basic Services Delivery and Infrastructure Development	Director: Operational Services Land and Buildings (Property Services) Waste Management (Refuse Removal) Sewerage Road Transport Water Electricity Housing		162,886	212,785	256,908	208,693	338,391	338,391	235,341	238,930	261,059
Human Development	Social Services: Council General Expenditure IDP Office - Partnership Development Community and Social Services Sport & Recreation		10,784	10,051	12,461	12,505	13,605	13,605	13,548	14,924	16,017
Allocations to other priorities											
Total Expenditure			258,270	321,319	365,057	328,592	471,385	471,385	371,591	386,052	420,128

8. Measurable performance objectives and Indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

Performance information needs to be structured to demonstrate clearly how the municipality uses available resources to deliver on its strategic objectives.

In managing for results, budgets are developed in relation to inputs, activities and outputs, while the aim is to manage towards achieving the outcomes and impacts. The image below illustrates the relationship between these core performance information concepts.



Economy indicators: explore whether specific inputs are acquired at the lowest cost and at the right time.

Efficiency indicators: explore how productively inputs are translated into outputs. An efficient operation maximises the level of output for a given set of inputs, or it minimises the inputs required to produce a given level of output.

Effectiveness indicators: explore the extent to which the outputs of an institution achieve the desired outcomes. An effectiveness indicator assumes a model of how inputs and outputs relate to the achievement of an institution's strategic objectives and goals.

Equity indicators: explore whether services are being provided impartially, fairly and equitably. Equity indicators reflect the extent to which an institution has achieved and been able to maintain an equitable supply of comparable outputs across demographic groups, regions, urban and rural areas, and so on.

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

Key financial indicators and ratios (table SA8)

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Borrowing Management</u>										
Credit Rating		B	N/A	DG 5	N/A	N/A	N/A			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.7%	6.4%	5.3%	6.6%	4.2%	4.2%	5.5%	5.2%	4.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.1%	10.6%	8.4%	9.4%	8.2%	8.2%	7.9%	7.2%	6.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	162.7%	95.1%	0.1%	46.6%	25.5%	25.5%	44.0%	72.9%	63.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	894.2%	982.3%	254.0%	864.8%	248.3%	248.3%	233.4%	242.6%	239.5%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	1.1	0.8	0.9	0.7	0.8	0.8	0.9	1.0	1.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.1	0.8	(0.8)	(1.4)	(1.2)	(1.2)	(0.3)	0.2	(0.1)
Liquidity Ratio	Monetary Assets/Current Liabilities	0.5	0.4	0.4	0.2	0.0	0.0	0.1	0.2	0.3
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	88.8%	80.1%	72.8%	94.5%	79.9%	79.9%	88.5%	89.3%	90.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		88.8%	80.1%	72.8%	94.5%	79.9%	79.9%	88.5%	89.3%	90.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12.7%	8.0%	10.5%	8.5%	12.8%	12.8%	12.3%	11.9%	11.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		95.3%	109.5%	144.0%	231.7%	221373.6%	221373.6%	451.9%	290.3%	223.5%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	5,095,254	3,483,001	3,092,625	3,971,136	3,971,136	3,971,136	2,703,399	2,757,466	2,812,616
	Total Cost of Losses (Rand '000)	2,323	1,999	2,013	2,915	2,915	2,915	1,997	2,200	2,423
	% Volume (units purchased and generated less units sold)/units purchased and generated	8.19%	5.75%	5.27%	6.50%	4.63%	4.63%	4.53%	4.52%	4.48%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	368,125	220,646	672,530	120,000	120,000	120,000	747,257	697,439	647,622
	Total Cost of Losses (Rand '000)	2,341	1,423	4,405	800	800	800	5,455	5,091	4,728
	% Volume (units purchased and generated less units sold)/units purchased and generated	8.90%	5.64%	15.06%	2.40%	2.40%	2.40%	15.00%	14.00%	13.00%
Employee costs	Employee costs/(Total Revenue - capital revenue)	41.9%	43.9%	35.4%	39.5%	35.8%	35.8%	38.4%	40.9%	41.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	44.5%	46.8%	37.8%	42.2%	38.1%	38.1%	41.0%	43.5%	44.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.1%	6.3%	5.9%	6.6%	5.7%	5.7%	6.3%	6.7%	6.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.8%	25.0%	36.5%	10.5%	39.8%	39.8%	10.0%	8.5%	7.9%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	10.7	11.7	16.2	13.4	13.4	13.4	17.0	20.0	21.3
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	19.4%	12.1%	17.6%	13.2%	21.9%	21.9%	19.7%	18.4%	17.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.2	1.1	1.4	0.5	0.0	0.0	0.3	0.4	0.5

Performance indicators and benchmarks

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Theewaterskloof Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The municipality's debt portfolio is consisting out of annuity loans. The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality.
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has decreased from 5.7 per cent in 2010/11 to 5.5 per cent in 2014/15. This decrease can be attributed to fewer loans taken up to fund portions of the capital programme. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 60 per cent.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

Safety of Capital

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Lower figures are more acceptable, showing that the company is predominantly financed by equity whilst high gearing shows an over reliance on borrowings for a significant proportion of the municipality's capital requirements. During the 2010/11 financial year the ratio was extremely high at 894.2 per cent. Although the ratio continues to improve from 254 per cent in the 2012/13 financial year to 233.4 per cent in 2014/15, it is still regarded as much too high and every effort should be made to reduce long term borrowing and to increase reserves.

Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and the benchmark would normally be set at a limit of 1, hence at no point in time should this ratio be less than 1. For the 2012/13 MTREF the current ratio is 0.9 in the 2012/13 financial year and 0.9 for 2014/2015 and 1.0 respectively for the MTREF years. Going forward it will be necessary to increase these levels to allow the municipality to be able to pay its liabilities when it falls due.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything

below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was 0.4 and is decreasing to 0.1 in the 2014/15 financial year.

Revenue Management

As part of the financial sustainability strategy, initiatives have been implemented to increase cash inflow such as prepaid water and electricity meters for all. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

Creditors Management

The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. The municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

Other Indicators

- The electricity distribution losses have been set at 2,703,399 kw for 2014/15. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity, including prepaid meters.
- The water distribution losses in 2012/2013 were 672,530 kl. The 2014/15 target is set at 747,257 kl. Initiatives such as free water leakage repair for indigent and prepaid water meters will assist in this regards.
- Employee costs as a percentage of operating revenue increase from 35.4 % in the 2012/13 to 35.8% in 2013/14 and is increasing in the 2014/15 year to 38.4%

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality.

For the 2014/15 financial year +/- 5 780 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water and sanitation, 70 kwh of electricity and free waste removal, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table A10 (Basic Service Delivery Measurement) on page 23.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc.) are taken into account in the table noted above.

Providing clean water and managing waste water

Drinking Water Quality and Waste Water Management

There are eight towns each with its own water and waste water treatment facility that falls under the management of the Theewaterskloof Municipality Authority except, for Caledon. The latter receives water from a service provider, Overberg Water.

1. Blue Water Audit for 2012

The performance of Theewaterskloof Municipality is still classified as satisfactory and ranked us the 18th best on the Provincial Blue Drop log, despite the fact that the momentum of last year's improvement could not be maintained. This would be mostly due to the rate of drinking water quality compliance not being according to expectation, but there would be enough progress with the implementation of regulatory requirements. Each water system was assessed against a set of criteria in a Performance Area. The overall score generated in the specific performance area is displayed in table below.

Performance Area	System	Caledon	Botrivier	Voorstekraal/Bereaville	Genadendal
Water Safety Planning		81	66	50	52
Treatment Process Management		78	59	50	51
DWQ Compliances		89	45	100	100
Management, Accountability		78	58	58	58
Asset Management		74	62	44	44
Bonus score		2.77	6.38	4.5	3.1
Blue Drop Score		84.29	61.74%	52.76%	68.66%
Performance Area	System	Grabouw	Greyton	Riviersonderend	Tesselaardal
Water Safety Planning		70	52	56	50
Treatment Process Management		75	51	51	40
DWQ Compliances		55	45	55	73
Management, Accountability		58	58	58	43
Asset Management		58	50	47	62
Bonus score		3.34	4.50	4.15	3.89

Blue Drop Score		65.25%	54.46%	58.06%	60.65%
Performance Area	System	Villiersdorp			
Water Safety Planning		55			
Treatment Process Management		40			
DWQ Compliances		100			
Management, Accountability		61			
Asset Management		44			
Bonus score		3.07			
Blue Drop Score		68.93%			

1.1 Water Safety Plan

DWAF has offered to assist us to draw up these plans for at least one of our town. All role players were involved in this project in order to understand and complete the plans for the remaining systems.

1.2 Treatment Process Management

All process controllers and treatment works are registered and uploaded on the Blue and Green drop regulatory systems but, we do not fully comply with regulation 2834 that states, that the registered process controllers comply with the legislative requirements in terms of

- Number of Process Controller per shift
- Complying with the required classification level of the treatment works and that the supervisor preferably on a higher classification level as that of the process controller on shift.

Record keeping of all water related incidents that may have an impact on the immediate or greater community.

It is a Blue and Green Drop necessity to have a qualified process controller on a Water and Wastewater Treatment System. The lack of skilled process controller and supervisors is just one of the many criteria that are needed for Blue & Green Drop Status achievements. At this stage our senior process controllers have completed an appropriate NQF 2 training in water & wastewater treatment at the Water Academy. This type of training will allow these process controllers to be fully qualified and skilled in their current position. In conjunction, DBSA launched a supervisory course for the Technical Officers that amplified the importance of operational and compliance monitoring, proper management of assets and financial management.

1.3 Drinking Water Quality Compliances

Failure to achieve 100% compliance can be linked to numerous

- Incompetency of the process controller so therefore training needed or
- The process controller doesn't do daily operational monitoring to detect failures earlier before its reach the consumers
- Proper equipment's need to be place in order to do sampling
- Improper implementation of incident reporting regarding failure therefor trigger late response management
- Treatment Works operate above its design capacity or treatment works not design to remove certain parameters. Process audit need to be conducted to see how the treatment can optimize.
- Lab Error!!! Eliminated by resampling

The monitoring program was not sufficient so we approach/got assistance from other local municipalities who scored 100% in these criteria. The program is compiled in such a way that at the end of the year a full analysis of the parameters as prescribed in the South Africa National Standard 241 (SANS 241) is generated, that is compulsory for the assessment. Provision of such analysis is made with the new Water Quality Tender/ contract with AL Abbott.

1.4 Management, Accountability

Management accountability weight 10% of the total allocated blue drop score. Management commitment is measured by approval of the Water Management Plans, as the municipality has a responsibility towards the direct consumer and broader public that we serve. We therefore need to inform them about the status of the drinking water delivered. Communication can proceed via SLA's; posters; data submission to DWAF and newspaper publications.

1.5 Asset Management

The absence of Operational & Maintenance manuals on site, calibration certificates of water meters and availability of maintenance team competency from service providers influence the overall marked scored in this performance area. Some of the old treatment system lack proper or full O&M manual but with the assistance of Wamtechnology the Operational and Maintenance manuals were compiled

9. Overview of Budget Related Policies

The following Budget-Related Policies have been approved by Council or have been reviewed and amended in line with National Guidelines and Legislation.

7.1. Tariff Policy

The municipality wishes to achieve the following by adopting this policy:

1. To comply with the provisions of Section 74 of the Local Government: Municipal Systems Act, 2000 (MSA): the municipality must adopt and implement a Tariff Policy on the levying of fees for municipal services provided by municipality
2. To comply with Section 62(1) (f) of the MFMA which states that the Accounting Officer must ensure that a municipality has and implement a Tariff Policy
3. To prescribe Procedures and Principles (as defined in Section 74 (2) of the MSA for calculating tariffs where the municipality wishes to implement service providers in terms of Section 76(b) of the Act.
4. To give guidance regarding tariff proposals and calculations to provide a framework to determine fair, transparent and affordable charges that also promote sustainable service delivery.

The policy ensures a holistic and comprehensive overview on all the revenues / charges levied.

7.2. Credit Control and Debt Collection Policy

This policy has been formulated and developed in order to comply with Section 96 - 98 of the Local Government: Municipal Systems Act, 2000 which states:

In terms of Section 96 of the MSA a municipality-

- (a) must collect all money that is due and payable to it, subject to this Act and any other applicable legislation; and
- (b) for this purpose, must adopt, maintain and implement a Credit Control and Debt Collection Policy which is consistent with its rates and tariff policies and complies with the provisions of the MSA.

This policy is also aimed at guiding officials in the legislative implementation of processes necessary to ensure optimal revenue generation and collection. Increased revenue forms the basis for effective service delivery, infrastructure development, and economic growth.

In line with the objective of creating a vibrant and growing municipality, the Credit Control, and Debt Collection Policy is also aligned to the Batho-Pele Principles.

7.4. Cash Management and Investment Policy

In terms of Section 13 (2) of the Municipal Finance Management Act, 2003 the municipality must establish an appropriate and effective Cash Management and Investment Policy.

The objectives of the policy are to ensure optimal performance with the least possible risk, in managing and investing the cash resources of the municipality and to ensure transparency, accountability, and appropriate lines of responsibility.

7.5. Grant in Aid Policy

A Grant in Aid Policy was developed and approved by council in 28 October 2010 in terms of Section 67 of the MFMA.

It deals with processes and procedure to be followed when the municipality allocates grants to other institutions in an equitable and transparent manner and in line with IDP Objectives.

Provisions and disclosure must be made for Allocations under consideration in the draft budget and other prescribed budget related documents for public comments.

Applications are made in line with Section 67 of the MFMA and the policy on a prescribed application form. The name of the institution, grant amount and description should be disclosed on the Grant Statement.

7.6. Asset Management Policy

This policy has been designed to assist management and officials of the Theewaterskloof Municipality with the description and management procedures for Property, Plant and Equipment, Intangible Assets, and Investment Property.

It further aims to ensure that the assets of the municipality are properly accounted for, marked and to ensure that assets are utilized and maintained in an economic, effective, and efficient manner to ensure optimal utilization, value for money and sustainable service delivery.

7.7. Risk Management Policy

Section 62 (1) of the MFMA requires that the Accounting Officer takes all reasonable steps to ensure that the municipality has and maintains effective, efficient, and transparent systems of Financial and Risk Management, of internal control and of internal audit as well as the effective, efficient, and economical use of the resources of the municipality.

The purpose of the Risk Management Policy is to enable the municipality not only to comply with legislation but also to manage risks by reducing/eliminating the likelihood and impact of risks in a pro-active, responsible and structured manner.

7.8. Virement Policy

Virement is process of transferring funds from one line item to another within one vote with the approval of the relevant Senior Manager and CFO, to enable Budget Manager to transfer funds from one vote line-item with anticipated savings to another.

The aim is to improve financial controls over the processes and procedures of transferring funds and to ensure accountability and improved Budgetary Control.

7.9. Anti-Corruption Policy

To ensure that the Municipality is in compliance with the Municipal Systems Act, Act No 32 of 2000 which requires the Municipality, amongst other things to develop and adopt appropriate systems and procedures that contribute to effective and efficient management of the municipality and its resources.

7.10. Funds and Reserves Policy

In terms of Sections 18 and 19 of the Municipal Finance Management Act (Act No 56 of 2003) (MFMA), an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes. and

- Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced with if the funding sources have been considered, are available and have not been committed for other purposes.

The Council sets as objective a long term financially sustainable municipality with acceptable levels of service delivery to the community.

This policy aims to set standards and guidelines in ensuring financial viability over both the short- and long term and includes funding- as well as reserves requirements.

7.11. Short Term Insurance Policy

The MFMA was introduced with the following objective:

- *The object of this Act is to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements for—*
 - a) *ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities;*
 - b) *the management of their revenues, expenditures, assets and liabilities and the handling of their financial dealings;*

The objective of this Short Term Insurance Management Policy is to ensure that the;

- ✓ municipality has transparent Insurance claim processes and procedures;
- ✓ general public are informed about the correct processes & procedures when filing a claim with the municipality;
- ✓ general public are aware of the required documentation when filing a claim with the municipality;
- ✓ managers and staff are aware of their responsibilities with regards to insurance management;
- ✓ managers and staff are informed about the correct processes & procedures when reporting;
- ✓ managers and staff are aware of the required documentation when filing a claim with the municipality;
- ✓ unions are informed about the correct processes & procedures;
- ✓ unions are aware of the required documentation;

All the above-mentioned Policies were approved by Council and are reviewed at least annually. The policies are available on the municipality's website.

7.12. Policy on the Writing-Off of Irrecoverable Debt

The purpose of this policy is to ensure that the principles and procedures for the writing-off of irrecoverable debt are formalised to ensure that consumers (especially households) are relieved of their spiral of debt.

10. Overview of Budget Assumptions

The Challenge of the International, National and Local Economy is limited Resources versus unlimited needs. Theewaterskloof Municipality is no exception as the unlimited needs of the community as outlined in the IDP are far more than the limited revenue and resource capacity of the municipality. This is largely the reason for adopting Financial Viability as one of our long-term themes defined as improved sustainable revenue capacity versus sound financial resource management.

The Ministerial Advisory Committee defines **Financial Viability** as “the ability of a local authority to fulfil its constitutional and legislative responsibilities. Resources to fulfil these obligations are derived from both the Equitable Share received and distributed nationally, as well as the revenue a municipality can raise locally”.

It is important to highlight the following assumptions:

1. **Salaries:**

Increase is 9.5% (6% CPI + 1% increase + 2.5% for the Notches as contained within the 3 year agreement)

2. **Councillors Remuneration:**

7% increase is budgeted for.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the budget.

3. **Loans:** We have reached our capacity to take up loans. At 31 December 2013 outstanding Loans amount to R 109 million and R7,075 million is being secured in 2013/14 which will increase loans to approximately R116 million. It is recommended that R5,670 Loans be taken up in 2014/2015.

4. **Tariffs & Revenue Projections:**

Tariffs must be cost-reflective as far as possible because any subsidisation places a burden on another group of consumers. National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper limit of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The municipality is currently investigating the different tariff structures in the municipality, including the effect of the level of cross subsidization between different functions on tariffs, with the aim to re-introduce cost recovery tariffs in the next financial year. This is also a requirement set by the National Treasury.

Increases are as follows:

<u>Service</u>	<u>Increase</u>
Assessment Rates	13%
Refuse	9%
Water	Depending on individual consumption
Sewer	6%
Electricity	7.39%

Eskom Bulk Electricity Tariff

Bulk purchases will increase with 8.0% (With the final approval of NERSA)

5. Bulk Water Tariff:

The bulk water tariff has increased by 26.7%

6. Insurance

6% increase according estimated CPI

7. Other Expenditure**-Fuel:**

The budget for the 2014/15 financial year amounts to R4.5m.

-Ward Committee Allowances/Stipends:

R447, 000 provided for Transport, Telephone and Stationery (ie+ R150 / R250 per Ward Committee Member per month)

-MSIG Application of Funds:

Each Directorate must provide their Projects, clearly stating the impact/outcomes and credible costing

- Financial Viability:

R1,200,000 provided to ensure that initiatives/interventions are adequately resourced

-Repairs & Maintenance:

Delayed Maintenance result in disrepair and is more expensive due to price increases and the problem increases.

R22,906 million budgeted (6% of Budget) and the largest slice is taken by Land & Buildings (R5,974m or 26%) compared to R5,507m (24%) for Networks and R4,563m (19%) for Roads and Storm water.

The budget for repairs on vehicles amount to R2,633,635 while an amount of R1,657,010 was provided for maintenance. In relation to the value of Fixed Assets this may be interpreted to be out of proportion.

-Indigents Subsidies:

We provided for +/- 5,780 Households. This figure seems to be realistic as there are many occupants of RDP Houses whether the beneficiaries or not who would qualify for Indigents Subsidy. Revenue Cost = R27,500 million.

-Leiwater:

Costs of this service must be recovered (break-even) and must yield a surplus in future as this is a Trading Service which benefits a few households and it is not an essential/mandatory service. The more we subsidise this service the more other consumer categories will have to pay and these may include less affluent communities. This is unfair Town Offices must supply cost information (Time and Overtime, Maintenance, etc) on a monthly basis

The following problem areas are key factors to be addresses to ensure that the municipality is financial viable:

- Subsidisation of rates funded services from trading services
- No contribution to a capital replacement reserve fund
- Productivity and Cost Cutting Measures
- Ageing Infrastructure and inadequate provision for repairs and maintenance

- Outdated fiscal model and limited grant funding for the benefit of indigent communities only
- Institutional capacity and development sustainability
- Uncontrolled Influx of Indigent People
- Narrow Revenue Base of the municipality
- Lack of Accurate Data Required for Longer Term Financial Planning
- Unfunded Mandates

“Mind the Gap” has been identified in a previous financial year. It remains relevant as it is crucial to narrow the gap between the expectations of the departments, the wider community of TWK and the financial and other resource capacity of the municipality. This includes managing and reducing high stakeholders/ community expectations and increasing capacity/ resources/ efficiency and effectiveness. First, it is important to determine/ assess the financial health and potential (where we are). Then match available resources and potential resources (including financial) against Service Delivery, Infrastructure and Capital Needs for the next 5 years.

Local Economic Development (LED) is a very important focus area as we need to broaden our Revenue Capacity by developing in the area. The Successful implementation of the Local Economic Development Strategy is a very important to enhance the Financial Viability of the municipality as LED have a definite impact on job creation, development, etc.

The Primary Focus of LED is:

- Social and Economic Development and Tourism.
- Tourism promotion and destination marketing
- SMME Development and Support

Service Delivery remains a challenge for South African municipalities. Since 2006/2007 the municipality has embarked on a process of filling vacancies to ensure that we have the capacity to deliver services. The South African Government highlighted targets to accelerate Service Delivery in SA and TWK acknowledges it.

The following table illustrates the Service Delivery Targets set by the South African Government

Sector	Minimum standard 2014 target
Water	All households to have access to have at least clean piped water 200m from household.
Sanitation	All households to have access to at least ventilated pit latrine on site.
Electricity	All households to be connected to the national grid.
Refuse Removal	All households to have access to at least once a week refuse removal services.
Housing	All existing informal settlements to be formalised with land use plans for economic and social facilities and with provision of permanent basic services.
Other (education, health, roads, transport, sports and recreation, street trading, community halls, parks, etc.)	Standard for access for all other social, government, and economic services must be clearly defined, planned, and where possible, implemented by each sector together with municipalities.

Financial Modelling and Key Planning Drivers

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors, such as Demographics, Socio-Economic and Financial Factors and Principles and planning strategies have informed the compilation of the 2014/15 MTREF:

- CPI
- Interest Rates
- Fuel Price
- Economic Growth
- Economic Recession/ Job Losses
- Councillor's and Officials' Remuneration
- Debt Collection Rate
- Tariff Adjustment
- Indigent Increase
- Informal Settlement Control
- Migration/ Population Increase
- Equitable Share
- Bulk Purchase Tariff Increase

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 55, 58, 66, 67, 70 and 72 have been taken into consideration in the planning and prioritisation process.

Economic Growth

South Africa's economy continues to grow, but at a slower rate than previously expected. GDP growth is projected at 2.7 per cent in 2013, 3.5 per cent in 2014 and 3.8 per cent in 2015.

Economic Recession/Job Losses

Historically, from 2000 until 2012, South Africa Unemployment Rate averaged 25.49 Percent reaching an all-time high of 31.20 Percent in March of 2003 and a record low of 21.90 Percent in December of 2008. In South Africa, the unemployment rate measures the number of people actively looking for a job as a percentage of the labour force. The unemployment rate was 24.9% in the fourth quarter of 2012. However, as much of South Africa's unemployment problem is structural in nature, it needs to be addressed through structural microeconomic interventions, and the new growth path, as outlined by government, goes some way in this direction

TWK supports this initiative by utilizing the Expanded Public Works Program (EPWP).

Councillors and Officials Remuneration

Councillors Remuneration is expected to increase by 7% and is also beyond the control of the municipality as the National Government in terms of Remuneration of Public Office Bearers Act determines council increases.

Salary Increase is 9.5% (6% CPI+1% increase + 2.5% for the Notches as contained within the 3 year agreement).

Debt Collection Rate

The target for Debt Collection Rate for 2014/2015 is 90% and is determined in accordance with the realistically anticipated collection trends. Whilst there are pertinent and somewhat unique problems experienced by the TWK Municipality in performing effective credit control, every effort will be made by the municipality to achieve at least 90% collection ratio during 2014/15. In this regard, the following interventions are currently in progress or will be undertaken:

- Decentralisation of credit control and debt collection function for the town of Grabouw
- Door to door campaign to update indigent register and consumer account details
- Intensified action against defaulters
- Setting of targets for debt collection and weekly performance monitoring
- Employing additional resources to raise community awareness and to run a campaign aimed at marketing the municipality and changing community attitude.
- Roll out of prepaid water meters and tariff restructuring
- Conduct a water meter audit

Tariff Adjustment

A “zero-base” approach to improve on tariff setting, ensuring that the principles of benefit received, cost of service and cost-recovery, affordability and sustainability is taken into consideration.

A Briefing- Session was conducted and one-on-one Sessions were held with Directorates Operations, Development and Technical Services and Town Managers on 12 February 2014.

These engagements were dedicated to tariffs and the process of rationalization of services, identification of various categories of consumers, the level of services rendered/demanded and the levying of appropriate cost-recovery tariffs.

Factors impacting on Tariff Increases

The proposed tariff increases must consider the following:

- Affordability
- Economic Recession, Job Losses
- Councillors Remuneration
- Personnel Cost
- Escalating Fuel Prices
- Economic Indicators (CPI, Interest Rates)
- Escalating Bulk Purchases Prices (Water and Electricity)
- Increasing Indigents
- Electricity Bulk Price Increases (Eskom)
- Repairs and Maintenance

- Willingness and Ability to Pay
 - ✓ The Level/Standard of Service: the higher the level and standard, the higher the tariffs.
 - ✓ Benefit Received
 - ✓ Affordability
 - ✓ Reputation: Good Governance
 - ✓ Good Service Delivery also ensures improved willingness to pay
 - ✓ Recover of Capital and Usage Costs

Deliverables

- The possibilities of Rationalisation of Tariffs (number reduced)
- Tariffs and Tariff Policy simplified for easy understanding and enhanced transparency.
- Service Delivery Cost fully calculated and tariffs should reflect full cost.
- Tariff Setting ensures the Sustainability of Services.
- Tariff Policy must reflect the Financial Strategies.

Tariff Goals

- Revenue Sufficiency
- Affordability of services
- Promoting local economic development
- Wasteful use of service discourage
- Rate of return on assets (in order to ensure allowance is made for the future expansion of infrastructure)

Equitable Share

The Equitable Share increased from **R57, 262m** in 2013/14 to **R62, 481m** 2014/15.

Years	Equitable Share	Indigent Subsidy	Subsidy as a % of Equitable Share
2010/2011	R43,655m	R19,486m	44.60%
2011/2012	R46,935m	R21,035m	44.80%
2012/2013	R53,343m	R20.492m	38.42%
2013/2014	R57,262m	R22,914m	40.01%
2014/2014	R62,481m	R27,500m	44.01%

Indigents Subsidy

The number of indigent Households is projected to increase. This anticipated increase is mainly caused by high levels of unemployment in the Theewaterskloof region, Agricultural Seasonal Employment and Influx of Indigent people seeking greener pastures. This trend will have a significant impact on the Equitable Share Grant Allocation.

Informal Settlement Control

Based on the survey conducted by LMS it is evident that squatter control is becoming an unavoidable issue which needs to be managed more pro-effectively.

Migration/ Population Increase

According to the census 2001 Theewaterskloof had a population of 93,276, and the results of the 2011 census the population is 108,790 which shows an estimated increase of 14%.

The population growth is especially in the Grabouw and Villiersdorp Farms is due to the agriculture sector being one of the major economic activities in TWK. The agriculture sector, more intensively in the Fruit production is labour-intensive and seasonal. These farm workers are only economically active for a certain period of the year and can contribute to revenue (municipal service) only during that period.

The result of the increase in the population is that there is an increase pressure on our public services such as Clinics, Law Enforcement, and our infrastructure and land availability for houses.

Community Consultation

The draft 2014/15 MTREF will be tabled before Council on 27 March 2014 for community consultation and will be published on the municipality's website, and hard copies made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees and Town Advisory Forum, which serve as the representative forums of stakeholders and form the link between the Municipality and the community, will be utilised to facilitate the community consultation process from 07 to 22 April 2014, and included nine public briefing sessions. The applicable dates and venues will be published in all the local newspapers.

11. Overview of Budget and Funding

In terms of Section 18 of the Municipal Finance Management Act, an Annual Budget may only be funded from:

- Realistically anticipated revenues to be collected
- Cash backed accumulated funds from previous years surpluses not committed for other purposes
- Borrowed funds, but only for the Capital Budget (Fixed assets, Infrastructure, Property, Plant and Equipment)

The budget recognizes compliance to the following:

- Credible, consistent and responsive to the municipality's IDP
- Funded and achievable in terms of service delivery
- Institutional Needs Analyses and takes into consideration Risk Analyses, Internal, and External Factors impacting on service delivery.
- Contains Revenue and Expenditure Projections that are consistent with current and past year performances.
- The municipality has overcome all the major obstacles which had an impact on its capacity to spend its budget and render services. These include blockages in the form of staff, policies, procedures, and processes.
- Does not jeopardize the Financial Viability of the municipality.

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal and property rates.

Revenue was based on:

- Growth in the municipality and economic development
- Revenue management and enhancement
- Achievement of 90 per cent annual collection rate for consumer revenue
- Electricity tariff increase within the National Electricity Regulator of South Africa (NERSA) approval
- Achievement of full cost recovery of specific user charges
- Determining tariff escalation rate by establishing/calculating revenue requirements
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The following illustrate the difference between the 2013/14 and 2014/15 tariff increase:

Particulars	2013/14	2014/15
Rates	Depending on individual property values	13%
Electricity	8%	7.39%
Refuse	6%	9%
Sewerage	11%	6%
Water	6%	Depending on individual consumption

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R145,475 million for the 2013/14 financial year and increasing to R156,090 million for the 2014/15 financial year

Operational grants and subsidies amount to R103,590 million, R102,187 million and R114,414 million for each of the respective financial years of the MTREF, or 25 per cent for each of the respective financial years of the MTREF of operating revenue.

Investment revenue actual performance will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Monetary investments by type (Table SA15)

Investment type	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	15,394	15,042	20,740	10,000	-	-	-	10,000	10,000
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	15,394	15,042	20,740	10,000	-	-	-	10,000	10,000
Entities									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	15,394	15,042	20,740	10,000	-	-	-	10,000	10,000

The following table is a detailed analysis of the municipality's borrowing liability.

Detail of borrowings (Table SA17)

Borrowing - Categorized by type	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Parent municipality									
Long-Term Loans (annuity/reducing balance)	100,129	112,661	105,724	117,170	105,616	105,616	102,948	106,986	105,604
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases	-	86	65	86	32	32	32	32	32
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	100,129	112,747	105,788	117,256	105,648	105,648	102,980	107,018	105,636
Entities									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Entities sub-total	-	-	-	-	-	-	-	-	-
Total Borrowing	100,129	112,747	105,788	117,256	105,648	105,648	102,980	107,018	105,636

1.3 Cash flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the actual collection rate of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Budget cash flow statement (Table A7)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	160,997	153,670	165,868	215,920	192,467	192,467	228,062	243,510	261,248
Government - operating	42,988	56,428	63,624	86,840	105,328	105,328	103,590	102,187	114,414
Government - capital	53,435	58,973	77,511	62,851	45,969	45,969	54,670	38,210	43,464
Interest	9,054	9,572	10,024	6,200	10,200	10,200	8,962	6,966	5,478
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(221,554)	(218,692)	(210,906)	(281,041)	(300,465)	(300,465)	(307,741)	(323,178)	(351,972)
Finance charges	(10,934)	(12,928)	(12,780)	(13,731)	(14,522)	(14,522)	(12,133)	(11,571)	(10,783)
Transfers and Grants	(428)	(638)	(783)	-	(850)	(850)	(1,000)	(1,060)	(1,124)
NET CASH FROM/(USED) OPERATING ACTIVITIES	33,558	46,384	92,559	77,039	38,128	38,128	74,410	55,064	60,725
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	3,578	3,689	8,398	-	4,009	4,009	1,656	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	5	3	13	-	5	5	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
Payments									
Capital assets	(44,670)	(65,246)	(88,401)	(73,594)	(69,980)	(69,980)	(67,547)	(55,155)	(55,914)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(41,087)	(61,554)	(79,990)	(73,594)	(65,966)	(65,966)	(65,891)	(55,155)	(55,914)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	26,496	21,385	23	7,075	7,075	7,075	5,670	12,349	7,841
Increase (decrease) in consumer deposits	207	95	61	250	244	244	213	226	239
Payments									
Repayment of borrowing	(3,911)	(7,520)	(6,521)	(8,000)	(7,011)	(7,011)	(7,183)	(8,338)	(8,312)
NET CASH FROM/(USED) FINANCING ACTIVITIES	22,792	13,960	(6,437)	(674)	308	308	(1,300)	4,238	(231)
NET INCREASE/ (DECREASE) IN CASH HELD	15,262	(1,210)	6,131	2,770	(27,530)	(27,530)	7,220	4,146	4,581
Cash/cash equivalents at the year begin:	7,362	22,624	21,414	9,028	27,545	27,545	15	7,235	11,381
Cash/cash equivalents at the year end:	22,624	21,414	27,545	11,798	15	15	7,235	11,381	15,962

1.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Cash backed reserves/accumulated surplus reconciliation (Table A8)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	22,624	21,414	27,545	11,798	15	15	7,235	11,381	15,962
Other current investments > 90 days	0	0	0	-	-	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	22,624	21,414	27,545	11,798	15	15	7,235	11,381	15,962
Application of cash and investments									
Unspent conditional transfers	2,414	7,554	5,529	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	790	951	1,637	653	1,637	1,637	1,637	1,637	1,637
Other working capital requirements	(4,421)	7,558	16,298	1,457	(2,914)	(2,914)	(6,854)	(7,160)	(4,640)
Other provisions	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	39	55	555	2,059	1,452	1,452	3,022	3,022	3,022
Total Application of cash and investments:	(1,178)	16,119	24,019	4,169	175	175	(2,195)	(2,501)	19
Surplus(shortfall)	23,802	5,295	3,526	7,629	(160)	(160)	9,430	13,882	15,943

From the above table it can be seen that the cash and investments available total R9, 430 million in the 2014/15 financial year and increase to R15, 943 million by 2016/17, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued.
- There is no unspent borrowing from the previous financial years. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. It needs to be noted that, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its creditor obligations.
- Other provision liability is informed by, amongst others, the supplementary pension liability.
- Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

1.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Funding compliance measurement (Table SA10)

Description	MFMA section	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	22,624	21,414	27,545	11,798	15	15	7,235	11,381	15,962
Cash + investments at the yr end less applications - R'000	18(1)b	23,802	5,295	3,526	7,629	(160)	(160)	9,430	13,882	15,943
Cash year end/monthly employee/supplier payments	18(1)b	1.2	1.1	1.4	0.5	0.0	0.0	0.3	0.4	0.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	26,012	(17,346)	12,221	56,248	(73,533)	(73,533)	46,985	29,508	30,789
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	3.0%	4.3%	8.5%	(6.3%)	(6.0%)	3.8%	1.7%	1.4%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	88.8%	80.1%	72.8%	94.5%	79.9%	79.9%	88.5%	89.3%	90.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	12.4%	19.8%	12.5%	6.3%	12.1%	12.1%	10.5%	10.0%	10.1%
Capital payments % of capital expenditure	18(1)c;19	100.1%	100.5%	100.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	162.7%	95.1%	0.1%	46.6%	25.5%	25.5%	44.0%	72.9%	63.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a							101.1%	100.6%	100.6%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	(32.2%)	61.9%	(14.7%)	65.7%	0.0%	(1.5%)	0.8%	(0.4%)
Long term receivables % change - incr(decr)	18(1)a	N.A.	(8.1%)	(35.5%)	55.1%	(49.7%)	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	3.5%	3.5%	3.2%	3.5%	4.1%	4.1%	4.3%	4.4%	4.4%
Asset renewal % of capital budget	20(1)(vi)	61.3%	38.2%	48.9%	29.8%	36.6%	36.6%	50.3%	49.3%	51.1%

1.5.1.1 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2014/15 MTREF shows R7,235 million, R11,381million and R15,962 million for each respective financial year.

1.5.1.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table A8, on page 20. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.5.1.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been improved for the period 2010/11 to 2012/13, moving from 1.2 to 1.4 with the adopted 2014/15 MTREF. The municipality aims to achieve at least one month's cash coverage, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

1.5.1.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2014/15 MTREF the indicative outcome is a surplus excluding depreciation off sets of R47 million, R30 million and R31 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.5.1.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals - 3.8, 1.7 and 1.4 per cent for the respective financial year of the 2014/15 MTREF. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

1.5.1.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 88.5, 89.3 and 90 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined.

1.5.1.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 10.5, 10 and 10.1 per cent over the MTREF.

1.5.1.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position.

1.5.1.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 44 per cent of own funded capital.

1.5.1.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

1.5.1.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

1.5.1.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table SA34C on page 75.

1.5.1.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table SA34b on page 74.

12. Expenditure on allocations and grant programmes

Expenditure on allocations and grant programmes (Table SA19)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	46,126	49,907	57,493	60,652	65,855	65,855	71,643	75,586	80,933
Local Government Equitable Share	43,654	44,750	53,343	57,262	57,262	57,262	62,481	68,141	73,247
Finance Management	924	1,716	1,641	1,500	1,249	1,249	1,600	1,650	1,700
Municipal Systems Improvement	1,064	1,336	941	890	749	749	934	966	1,019
Expanded Public Works Programme	256	1,464	1,160	1,000	1,771	1,771	1,106	–	–
SETA	229	640	409	–	725	725	769	838	905
MIG Operational	–	–	–	–	–	–	765	818	765
VAT on grants	–	–	–	–	4,099	4,099	3,989	3,173	3,297
Other transfers/grants [insert description]	–	–	–	–	–	–	–	–	–
Provincial Government:	1,199	4,379	6,065	26,103	44,550	44,550	30,947	26,601	33,481
Community Development Worker Grant	444	145	142	–	276	276	122	128	135
Library Services Grant	678	4,234	5,671	6,361	6,361	6,361	6,075	6,440	6,826
Proclaimed Main Roads	60	–	108	74	74	74	92	–	–
Spatial Dev Framework	–	–	–	–	30	30	–	–	–
Botrivier Development Contribution	18	–	–	–	39	39	–	–	–
Finance Management	–	–	–	–	700	700	–	–	–
Housing	–	–	–	19,668	37,000	37,000	24,658	20,033	26,520
Sport and culture	–	–	144	–	–	–	–	–	–
Project Preparation	–	–	–	–	69	69	–	–	–
District Municipality:	–	–	–	–	–	–	–	–	–
[insert description]	–	–	–	–	–	–	–	–	–
Other grant providers:	1,494	1,148	1,371	85	1,412	1,412	1,000	–	–
IDC Grant	–	–	165	–	635	635	–	–	–
DBSA Local Economic Development	635	557	368	–	464	464	–	–	–
DBSA GIS	–	–	–	–	1	1	–	–	–
HAN	859	569	837	85	312	312	1,000	–	–
DBSA	–	22	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants	48,820	55,434	64,929	86,840	111,817	111,817	103,590	102,187	114,414
Capital expenditure of Transfers and Grants									
National Government:	20,306	20,954	43,388	28,925	27,674	27,674	31,706	24,850	25,784
Municipal Infrastructure Grant (MIG)	20,306	19,550	28,092	21,468	21,679	21,679	21,617	21,850	22,784
Integrated National Electrification Programme	–	1,000	3,000	–	–	–	3,421	3,000	3,000
Regional Bulk Infrastructure	–	277	10,500	7,456	5,918	5,918	6,668	–	–
Neighborhood development Grant	–	127	1,796	–	77	77	–	–	–
Other capital transfers/grants [insert desc]	–	–	–	–	–	–	–	–	–
Provincial Government:	33,129	34,452	38,808	29,502	15,120	15,120	22,964	13,360	17,680
Housing	32,437	31,624	37,308	29,502	12,170	12,170	22,964	13,360	17,680
Impound Facility	–	–	–	–	450	450	–	–	–
Proclaimed Main Roads	–	2,828	–	–	–	–	–	–	–
Community Centre	–	–	–	–	2,500	2,500	–	–	–
Sportfields	692	–	–	–	–	–	–	–	–
Public Transport Infrastructure Grant	–	–	1,500	–	–	–	–	–	–
District Municipality:	–	–	–	–	62	62	–	–	–
Multi-purpose bus	–	–	–	–	62	62	–	–	–
Other grant providers:	–	–	–	–	–	–	–	–	–
IDC Grant	–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants	53,435	55,406	82,196	58,427	42,856	42,856	54,670	38,210	43,464
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	102,255	110,839	147,126	145,267	154,673	154,673	158,261	140,397	157,878

Salaries, allowances & benefits (political office bearers, councillors/senior managers)(Table SA23)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker	1	602,453		26,181			628,634
Chief Whip							-
Executive Mayor	1	753,067		26,181			779,248
Deputy Executive Mayor	1	602,453		26,181			628,634
Executive Committee	5	2,824,003		130,904			2,954,907
Total for all other councillors	17	3,840,636		445,072			4,285,708
Total Councillors	25	8,622,612	-	654,519			9,277,131
Senior Managers of the Municipality							
Municipal Manager (MM)	1	1,190,324	38,442	182,794	113,946		1,525,506
Chief Finance Officer	1	791,948	169,499	128,859	87,915		1,178,221
Director Operational Services	1	778,762	187,767	112,824	87,058		1,166,411
Director Technical Services	1	1,063,812	1,910	151,299	98,829		1,315,850
Director Development Services	1	854,406	201,383	157,762	97,849		1,311,400
Director Corporate Services	1	952,738	173,403	93,769	97,836		1,317,746
Total Senior Managers of the Municipality	6	5,631,990	772,404	827,307	583,433		7,815,134
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	31	14,254,602	772,404	1,481,826	583,433		17,092,265

Summary councillor and staff benefits (Table SA22)

Summary of Employee and Councillor remuneration R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	4,933	5,737	6,037	6,072	6,072	6,072	8,623	9,226	9,872
Pension and UIF Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	792	1,085	1,005	2,024	2,024	2,024	-	-	-
Cellphone Allowance	297	346	368	405	405	405	655	700	749
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	-	-	-	-	-	-	-	-
Sub Total - Councillors	6,022	7,168	7,410	8,502	8,502	8,502	9,277	9,927	10,621
% increase		19.0%	3.4%	14.7%	-	-	9.1%	7.0%	7.0%
Senior Managers of the Municipality									
Basic Salaries and Wages	4,281	4,773	3,590	5,532	5,532	5,532	5,632	6,026	6,448
Pension and UIF Contributions	352	383	384	612	612	612	619	663	709
Medical Aid Contributions	80	92	94	158	158	158	153	164	175
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	580	-	491	491	491	583	624	668
Motor Vehicle Allowance	578	578	443	670	670	670	638	682	730
Cellphone Allowance	53	-	233	-	-	-	95	101	108
Housing Allowances	106	106	18	24	24	24	23	25	26
Other benefits and allowances	251	574	93	214	214	214	72	77	82
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	5,701	7,086	4,856	7,701	7,701	7,701	7,815	8,362	8,948
% increase		24.3%	(31.5%)	58.6%	-	-	1.5%	7.0%	7.0%
Other Municipal Staff									
Basic Salaries and Wages	58,088	63,339	68,451	76,710	75,084	75,084	83,949	92,746	101,708
Pension and UIF Contributions	10,542	11,479	12,255	16,155	14,808	14,808	17,133	19,046	20,879
Medical Aid Contributions	2,745	3,103	3,261	3,485	3,518	3,518	3,755	4,115	4,510
Overtime	3,000	3,051	3,199	3,354	3,956	3,956	3,685	4,035	4,418
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3,976	4,043	4,303	4,113	4,349	4,349	4,363	4,884	5,365
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	542	563	522	552	518	518	511	561	614
Other benefits and allowances	8,653	8,121	5,650	9,879	9,749	9,749	10,479	11,650	12,777
Payments in lieu of leave	1,778	3,744	-	-	2,000	2,000	2,000	2,190	2,398
Long service awards	-	470	542	675	675	675	1,023	1,117	1,220
Post-retirement benefit obligations	1,762	4,179	4,669	4,600	4,600	4,600	5,200	5,679	6,202
Sub Total - Other Municipal Staff	91,086	102,092	102,852	119,523	119,256	119,256	132,099	146,023	160,091
% increase		12.1%	0.7%	16.2%	(0.2%)	-	10.8%	10.5%	9.6%
Total Parent Municipality	102,809	116,346	115,117	135,725	135,459	135,459	149,191	164,312	179,660
		13.2%	(1.1%)	17.9%	(0.2%)	-	10.1%	10.1%	9.3%
TOTAL SALARY, ALLOWANCES & BENEFITS	102,809	116,346	115,117	135,725	135,459	135,459	149,191	164,312	179,660
% increase		13.2%	(1.1%)	17.9%	(0.2%)	-	10.1%	10.1%	9.3%
TOTAL MANAGERS AND STAFF	96,787	109,179	107,707	127,223	126,957	126,957	139,914	154,385	169,039

Summary of personnel numbers (Table SA24)

Summary of Personnel Numbers Number	2012/13			Current Year 2013/14			Budget Year 2014/15		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	25		25	25		25	25		25
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers	6		6	6		6	6		6
Other Managers	21	20		21	20		21	20	
Professionals	225	225	1	238	237	1	242	242	-
Finance	5	5		5	5		6	6	
Spatial/town planning	7	7		7	6		7	7	
Information Technology	2	2	1	2	2	1	4	4	
Roads	14	14		16	16		17	17	
Electricity	5	5		5	5		5	5	
Water	38	38		41	41		41	41	
Sanitation	14	14		16	16		16	16	
Refuse	53	53		58	58		58	58	
Other	87	87		88	88		88	88	
Technicians	41	41	3	41	41	3	41	41	3
Finance	28	28	3	28	28	3	28	28	3
Spatial/town planning									
Information Technology									
Roads									
Electricity	13	13		13	13		13	13	
Water									
Sanitation									
Refuse									
Other									
Clerks (Clerical and administrative)	44	44		44	44		46	46	
Service and sales workers	25	25	10	25	25	10	27	27	10
Skilled agricultural and fishery workers									
Craft and related trades									
Plant and Machine Operators	36	36		41	41		41	41	
Elementary Occupations	163	163		165	165		165	165	
TOTAL PERSONNEL NUMBERS	586	554	45	606	573	45	614	582	44
% increase				3.4%	3.4%	-	1.3%	1.6%	(2.2%)
Total municipal employees headcount									
Finance personnel headcount	36	36		36	36		37	37	
Human Resources personnel headcount	6	6	1	6	6	1	7	7	1

13. Annual Budgets and Service delivery and Budget Implementation plans- Internal Departments

The Functional performance of the municipality provides comprehensive information on the implementation of the SDBIP and the relevant Functional Area reporting schedule:

- a. A detailed departmental SDBIP will be available on the website of TWK Municipality.

The functional breakdown per Directorate is as follows:

Corporate Service:

Legal Advisory

- Both the Director and deputy Director Corporate Services are the Legal Officers for the organisation and provide legal support to all Directorates

Administration

- Give administrative support to the Council and its political structures
- Corporate support for other Directorates and Town offices
- Provision of secretariat services to all directorates
- The management of the municipality's incoming and outgoing mail including the distribution and dispatch of correspondence to and from the public
- The management of access to records
- The management of Security and Cleaning Services

Human Resources

- Ensuring a skilled workforce through training and selection
- Ensuring sound HR administration
- Ensuring an informed labour force by practicing sound labour relations
- Ensuring a sound organisational structure

Information Technology

- The Information Technology department serves as support function for the whole of the organization:
- Maintaining the IT and communication Infrastructure
- Facilitate the integration of information systems
- Establishing and maintaining proper backup procedures and systems
- Ensuring information security

Development Services:

Integrated Development Planning

This department provides a unique support service to all departments, community and council. It is responsible for the coordination and management of the IDP process, Organisational Performance Management, Annual Reporting, Service Delivery and Budget Implementation Plan, and Social Development

Local Economic Development (LED) and Tourism

- Create an enabling environment for economic development
- Increase economic opportunities for people

- Promote intergovernmental collaboration
- Build local Capacity
- Encourage PPP in Local economic Development
- Monitor and evaluate LED strategy.
- Capacitate SMME's

Housing and Integrated Human Settlement

- The function of this department is to facilitate, manage and maintain low cost housing development within the Theewaterskloof Municipality

Property Management

- The Property Management section has to ensure that Municipal owned immovable assets are managed efficiently, effectively and economically and are dealt with in a manner which will ensure the maximum benefit to the municipality and the community

Financial Services:

Expenditure and Supply Chain Management

- Salaries: Implementation of approved payroll, paying of salaries, allowances and accounting for payroll implementation
- Creditors: Payment and recording of creditors' payments and reconciliations
- Supply Chain Management: Responsible for the Administration and Management of Procurement of goods and services (i.e. Acquisition Management in particular)
- Bank Reconciliation
- Administration and Management of Investments
- Administration and Management of Loans
- Maintain Professionalism, Honesty, Integrity and Internal Controls

Revenue Management

- Facilitation and application for Municipal Services
- Debtors Billing Administration and Management
- Meter Reading
- Administration of Clearance Certificates
- Rendering of Monthly Consumer / Rates Debtors Accounts
- Debtors Customer Care and Query Administration
- Receipting and bank revenue management
- Credit Control, Debt Collection and Indigents Management
- Maintain Professionalism, Honesty, Integrity and Internal Controls

Budget Office

- Budget
- In-year Reporting
- Annual Financial Statements,
- Budgetary Management and Control
- Asset Management
- Insurance Management
- Costing Services (commencing in September 2009)
- Financial Viability
- Co-ordinate Financial Policy Formulation

- Financial Management Workshops under leadership of CFO
- Maintain Professionalism, Honesty, Integrity and Internal Controls

Technical Service:

Water Distribution and Treatment

- (Supply potable water in accordance with (SABS 241) to the residents within its jurisdiction. In terms of Schedule 4B of the Constitution: “Water and Sanitation Services limited to potable water supply systems”)

Roads

- The Theewaterskloof Municipality is responsible for the roads and storm water reticulation within the towns of the WC031 established municipal area. The Roads and Storm water Division functions as a division on its own headed by the Assistant manager of each town. This unit has 85 trained technical, artisans and other operational staff

Electricity Distribution

The electricity purchase and distribution functions of the municipality are administered as follows and include:

- The effective and efficient distribution and reticulation of energy in the following towns (Caledon, Villiersdorp, Greyton and Riviersonderend. Grabouw, Genadendal, Tesselaarsdal, Botrivier and Middleton reside within Eskom jurisdiction)
- Distribute electricity subject to the license conditions set by NERSA

Electricity/Street lighting

- Provide adequate street lighting for urban areas
- Maintain/Repair of faulty street lights
- Upgrade of existing services as well as new developments
- These services extend to include Theewaterskloof (Caledon, Greyton, Riviersonderend and Villiersdorp, but do not take account rural areas such as Tesselaarsdal, Botrivier, Grabouw, Genadendal which resides within the jurisdiction of provincial Government

Waste Water Management (Sewerage)

- Theewaterskloof Municipality provides sewerage collection systems, comprising water borne sewer networks, bucket removal system and vacuum tanker service where necessary, and treats the collected effluent at 7 sewage treatment plants. Further services include the provision and maintenance of communal toilets in informal areas

Solid Waste Management

- Theewaterskloof municipality is responsible for the day to day operations in every town and for the removal and collection of the waste, cleaning of road reserves and most public open places. There are three Transfer-stations in the Municipal jurisdiction, one in Grabouw, Villiersdorp and the other in Botriver. Caledon has a licensed waste site but Genadendal, Greyton and Riviersonderend is not permitted yet.

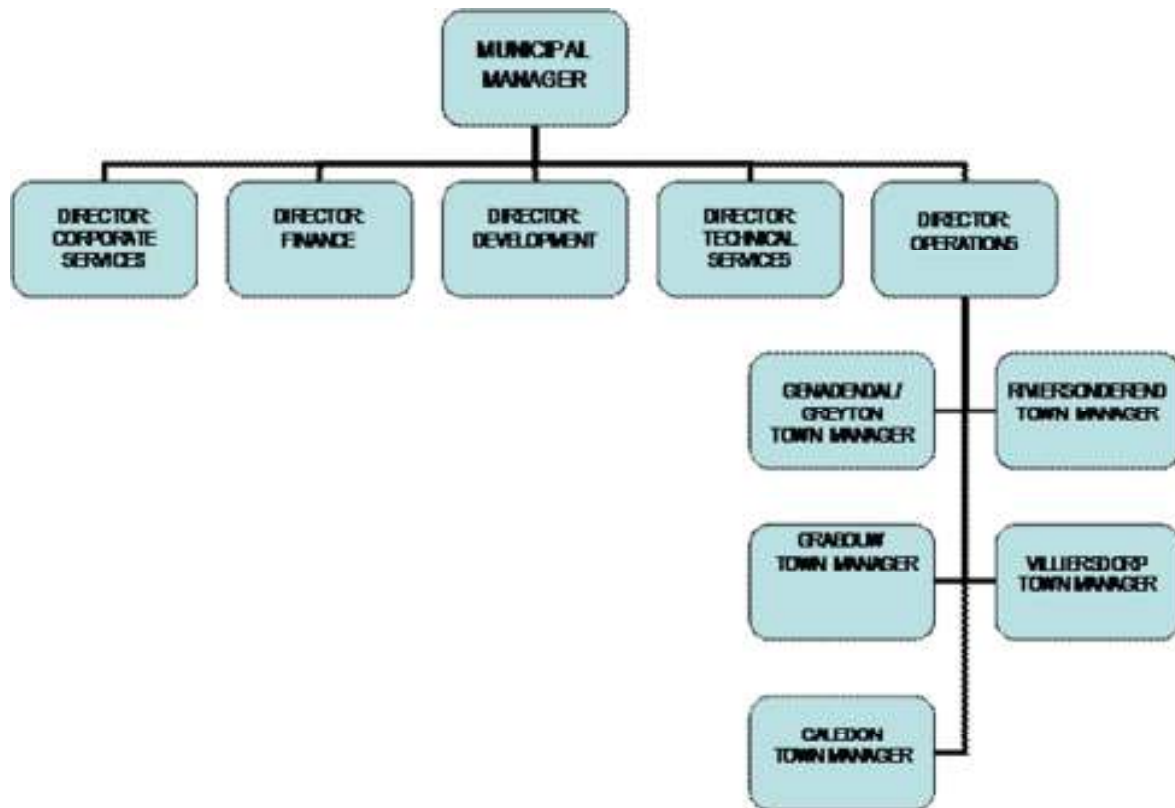
Fleet Management

- To manage and maintain all fleet of the municipality.
- To provide sufficient municipal services to all residence within the municipal boundary.

OPERATIONS

- Responsible for the day-to-day to service delivery within all Theewaterskloof Towns.

Senior Management Capability and Structure



14. Capital expenditure details

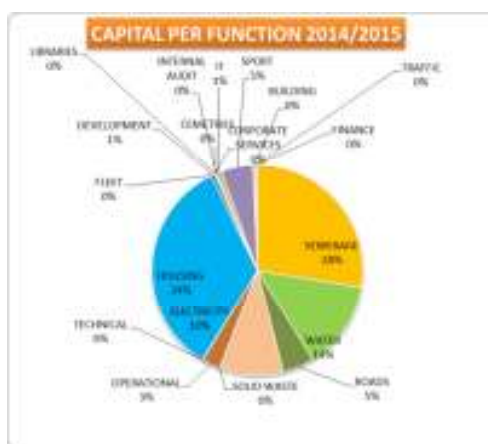
In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

Capital Budget

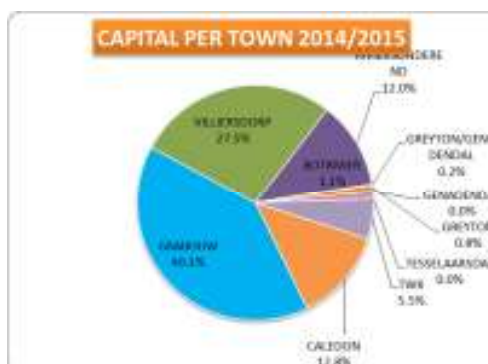
The capital budget per function, town and per funding source is illustrated below:

The Capital Budget decreased from R69,980 in 2013/14 to R63,486m in 2014/15, R55,155m in 2015/16 and R55,914m in 2016/2017.

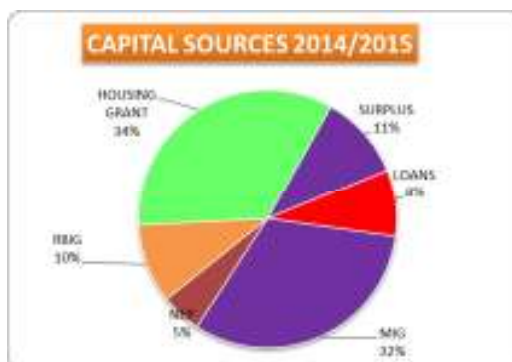
CAPITAL PER FUNCTION	2014/2015
SEWERAGE	18,603,972
WATER	9,242,139
ROADS	3,263,153
ELECTRICITY	6,611,000
SOLID WASTE	-
OPERATIONAL	1,897,701
TECHNICAL	67,750
HOUSING	22,964,000
FLEET	-
DEVELOPMENT	419,100
CEMETRIES	-
CORPORATE SERVICES	80,000
LIBRARIES	60,500
INTERNAL AUDIT	4,000
IT	584,000
SPORT	3,285,789
BUILDING	180,000
TRAFFIC	245,300
FINANCE	38,378
	67,546,782



CAPITAL PER TOWN	2014/2015
CALEDON	8,615,102
GRABOUW	27,118,380
VILLIERSDORP	18,595,972
RIVIERSONDEREND	8,077,100
GREYTON/GENADENDAL	140,200
GREYTON	550,000
GENADENDAL	-
BOTRIVIER	740,000
TESSELAARSDAL	-
TWK	3,710,028
	67,546,782



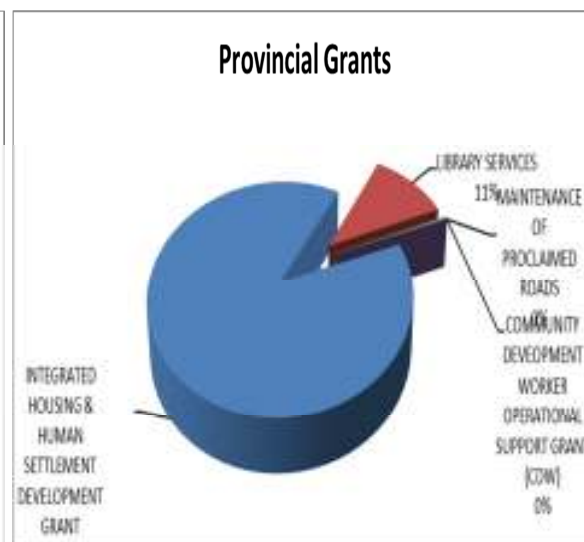
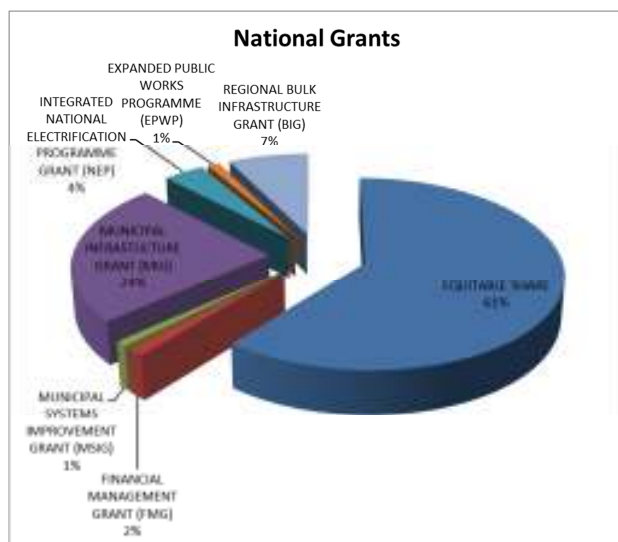
CAPITAL SOURCES	2014/2015
MIG	21,616,713
NEP	3,421,053
RBIG	6,668,421
HOUSING GRANT	22,964,000
SURPLUS	7,206,595
LOANS	5,670,000
	67,546,782



Capital grants and receipts equates to 81 per cent of the total funding source which represent R54,670 million for the 2014/2015 financial year and decreased to R43, 464 in 2016/2017.

The table below reflects the 2014 Division of Revenue Act Grant Allocations

NATIONAL ALLOCATIONS				
GRANT		2014/15	2015/16	2016/17
		BUDGET	BUDGET	Budget
		R'000	R'000	R'000
EQUITABLE SHARE		62,481,000	68,141,000	73,247,000
EQUITABLE SHARE FORMULA	OPEX	58,142,000	63,610,000	68,514,000
SPECIAL SUPPORT FOR COUNCILLOR REMUNERATION	OPEX	4,339,000	4,531,000	4,733,000
FINANCIAL MANAGEMENT GRANT (FMG)	OPEX	1,600,000	1,650,000	1,700,000
MUNICIPAL SYSTEMS IMPROVEMENT GRANT (MSIG)	OPEX	934,000	966,000	1,019,000
MUNICIPAL INFRASTRUCTURE GRANT (MIG)		24,958,000	25,841,000	26,846,000
OPERATING	OPEX	764,947	932,345	872,039
CAPITAL	CAPEX	24,193,053	24,908,655	25,973,961
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT (NEP)	CAPEX	3,900,000	3,000,000	3,000,000
EXPANDED PUBLIC WORKS PROGRAMME (EPWP)	OPEX	1,106,000	-	-
REGIONAL BULK INFRASTRUCTURE GRANT (BIG)	CAPEX	7,602,000	-	-
TOTAL NATIONAL GRANTS		102,581,000	99,598,000	105,812,000
PROVINCIAL ALLOCATIONS				
INTEGRATED HOUSING & HUMAN SETTLEMENT DEVELOPMENT GRANT		47,622,000	33,393,000	44,200,000
INTEGRATED HOUSING: OPERATIONAL	OPEX	24,658,000	20,033,000	26,520,000
INTEGRATED HOUSING: CAPITAL	CAPEX	22,964,000	13,360,000	17,680,000
LIBRARY SERVICES	OPEX	6,075,000	6,440,000	6,826,000
COMMUNITY DEVELOPMENT WORKER OPERATIONAL SUPPORT GRANT (CDW)	OPEX	122,000	128,000	135,000
MAINTENANCE OF PROCLAIMED ROADS	OPEX	92,000	-	-
TOTAL PROVINCIAL GRANTS		53,911,000	39,961,000	51,161,000
OTHER GRANT PROVIDERS				
HAN	OPEX	1,000,000	-	-
SETA	OPEX	768,500	837,665	904,679
TOTAL OTHER GRANT PROVIDERS		1,768,500	837,665	904,679
GRAND TOTAL		158,260,500	140,396,665	157,877,679
NOTE: Allocations for Conditional Grants are only made for one year and the amounts published for the outer years in the schedules of the Division of Revenue Act (DORA) are published for indicative purposes only and are not guaranteed.		OPEX	99,601,447	99,128,010
		CAPEX	58,659,053	41,268,655
		TOTAL	158,260,500	140,396,665



15. Capital expenditure details

The following three tables present details of the Theewaterskloof's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Capital expenditure on new assets by asset class (Table SA34a)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	5,114	12,782	4,165	17,649	23,075	23,075	26,864	20,780	21,311
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	1,638	5,216	3,672	620	2,518	2,518	3,900	3,000	3,000
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	1,638	5,216	3,672	-	1,308	1,308	3,900	3,000	3,000
Street Lighting	-	-	-	620	1,210	1,210	-	-	-
Infrastructure - Water	2,883	4,105	297	7,746	9,430	9,430	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	2,883	4,105	297	7,746	9,430	9,430	-	-	-
Infrastructure - Sanitation	592	2,653	196	9,282	11,127	11,127	-	4,420	631
Reticulation	-	2,653	196	9,282	11,127	11,127	-	4,420	631
Sewerage purification	592	-	-	-	-	-	-	-	-
Infrastructure - Other	-	808	-	-	-	-	22,964	13,360	17,680
Waste Management	-	808	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	22,964	13,360	17,680
Community	-	-	3,258	1,100	3,786	3,786	3,286	3,876	4,027
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	-	-	-	-	-	-	3,286	3,876	4,027
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	3,258	-	2,686	2,686	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	1,100	1,100	1,100	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	9,602	22,182	34,300	29,502	12,170	12,170	-	-	-
Housing development	9,602	22,182	33,113	29,502	12,170	12,170	-	-	-
Other	-	-	1,187	-	-	-	-	-	-
Other assets	2,559	5,150	3,378	3,423	5,317	5,317	3,398	3,325	2,025
General vehicles	231	1,026	-	-	-	-	-	3,325	2,025
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	891	891	891	584	-	-
Furniture and other office equipment	2,061	2,688	1,630	2,532	2,905	2,905	2,634	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	188	664	847	-	1,521	1,521	180	-	-
Other Buildings	79	-	170	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	772	731	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	17,275	40,114	45,101	51,674	44,348	44,348	33,548	27,982	27,363

Capital expenditure on renewal of existing assets by asset class (Table SA34b)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	26,665	24,071	42,527	18,651	21,772	21,772	33,609	26,173	27,550
Infrastructure - Road transport	9,179	4,528	8,296	4,399	5,104	5,104	3,263	10,127	11,449
Roads, Pavements & Bridges	9,179	4,528	8,296	4,399	5,104	5,104	3,263	10,127	11,449
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	1,885	-	4,221	-	2,860	2,860	2,500	2,000	-
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	1,885	-	4,221	-	2,860	2,860	2,500	2,000	-
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	11,252	6,626	8,762	-	1,317	1,317	9,242	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	11,252	6,626	8,762	-	1,317	1,317	9,242	-	-
Infrastructure - Sanitation	4,348	12,918	20,901	14,252	12,491	12,491	18,604	7,662	7,001
Reticulation	-	-	-	14,252	12,491	12,491	18,604	7,662	7,001
Sewerage purification	4,348	12,918	20,901	-	-	-	-	-	-
Infrastructure - Other	-	-	347	-	-	-	-	6,384	9,101
Waste Management	-	-	347	-	-	-	-	6,384	9,101
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	683	-	695	3,270	3,313	3,313	-	1,000	1,000
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	683	-	695	3,270	3,313	3,313	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	1,000	1,000
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	-	713	-	-	547	547	390	-	-
General vehicles	-	-	-	-	197	197	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	713	-	-	350	350	390	-	-
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	27,348	24,784	43,221	21,921	25,632	25,632	33,999	27,173	28,550

Repairs and maintenance expenditure by asset class (Table SA34c)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	5,792	6,568	7,996	9,361	7,170	7,170	11,307	11,754	12,689
Infrastructure - Road transport	2,214	2,397	3,731	3,826	3,785	3,785	4,855	4,872	5,347
Roads, Pavements & Bridges	2,214	2,397	3,731	3,826	3,785	3,785	4,855	4,872	5,347
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	1,043	1,593	907	2,500	440	440	2,700	2,862	3,034
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	1,043	1,593	907	2,500	440	440	2,700	2,862	3,034
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	1,350	1,210	1,659	1,520	1,379	1,379	1,662	1,761	1,867
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	1,350	1,210	1,659	1,520	1,379	1,379	1,662	1,761	1,867
Infrastructure - Sanitation	1,186	1,280	1,617	1,390	1,440	1,440	1,946	2,106	2,279
Reticulation	-	-	-	-	-	-	-	-	-
Sewerage purification	1,186	1,280	1,617	1,390	1,440	1,440	1,946	2,106	2,279
Infrastructure - Other	-	89	82	125	125	125	144	153	162
Waste Management	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	89	82	125	125	125	144	153	162
Community	1,143	1,096	764	850	840	840	900	900	900
Parks & gardens	1,143	1,096	764	850	840	840	900	900	900
Sportsfields & stadia	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	7,119	7,889	9,089	11,194	12,101	12,101	10,699	12,745	13,131
General vehicles	2,392	3,051	3,895	4,120	4,643	4,643	4,291	4,737	5,116
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	122	78	228	178	178	178	186	187	189
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	4,558	4,704	4,902	6,807	7,131	7,131	6,125	7,719	7,719
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	47	56	64	89	149	149	98	103	108
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	14,054	15,553	17,849	21,405	20,110	20,110	22,906	25,400	26,721

Capital expenditure details (Table SA36)

Municipal Vote/Capital project	Program/Project description	Asset Class	Asset Sub-Class	2014/15 Medium Term Revenue & Expenditure Framework			Project information	
				Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
R thousand		3	3					
Vote 1 - Executive & Council								
	Upgrading of fleet	Other assets	General vehicles	–	3,325	2,025	All	New
	Inventory Items - Technial Services	Other assets	Furniture and other office equipment	68	–	–	All	New
	Inventory Items - Caledon	Other assets	Furniture and other office equipment	677	–	–	Caledon	New
	Inventory Items - Greyton/ Genadendal	Other assets	Furniture and other office equipment	140	–	–	Greyton/ Genadendal	New
	Inventory Items - Internal Audit	Other assets	Furniture and other office equipment	4	–	–	All	New
	Inventory Items - Corporate	Other assets	Furniture and other office equipment	80	–	–	All	New
	Inventory Items - Grabouw	Other assets	Furniture and other office equipment	759	–	–	Grabouw	New
	Inventory Items - Riviersonderend	Other assets	Furniture and other office equipment	127	–	–	Riviersonderend	New
	Inventory Items - Villiersdorp	Other assets	Furniture and other office equipment	194	–	–	Villiersdorp	New
	Vote 2 - Finance & Admin							
	Inventory Items - Finance	Other assets	Furniture and other office equipment	38	–	–	All	New
	Inventory Items - IT	Other assets	Computers - hardware/equipment	584	–	–	All	New
Vote 3 - Planning & Development								
	Additions to building (Youth Centre for Office accomodation)	Other assets	Civic Land and Buildings	390	–	–	All	Renewal
	Inventory Items	Other assets	Furniture and other office equipment	29	–	–	All	New
Vote 4 - Community & Social Services								
	Inventory Items - Library	Other assets	Furniture and other office equipment	61	–	–	All	New
	Extention of Chafonnis Cemetry	Community	Cemeteries	–	500	500	Caledon	Renewal
	Extention of Knoflokskraal Cemetry	Community	Cemeteries	–	500	500	Caledon	Renewal

Municipal Vote/Capital project R thousand	Program/Project description	Asset Class 3	Asset Sub-Class 3	2014/15 Medium Term Revenue & Expenditure Framework			Project information	
				Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
<i>Vote 5 - Housing</i>								
	Low cost housing projects	<i>Infrastructure - Other</i>	<i>Other</i>		13,360	17,680	All	New
	Low cost housing projects - Caledon	<i>Infrastructure - Other</i>	<i>Other</i>	1,358			Caledon	New
	Low cost housing projects - Grabouw	<i>Infrastructure - Other</i>	<i>Other</i>	7,606			Grabouw	New
	Low cost housing projects - Villiersdorp	<i>Infrastructure - Other</i>	<i>Other</i>	6,500			Villiersdorp	New
	Low cost housing projects - Riviersonderend	<i>Infrastructure - Other</i>	<i>Other</i>	7,500			Riviersonderend	New
<i>Vote 6 - Public Safety</i>								
	Inventory Items - Traffic	<i>Other assets</i>	<i>Furniture and other office equipment</i>	245	-	-	All	New
<i>Vote 7 - Sport & Recreation</i>								
	Building of clubhouse at Bergsig mini sportfield for Caledon Pigeon Club	<i>Other assets</i>	<i>Civic Land and Buildings</i>	180	-	-	Caledon	New
	Upgrade of Villiersdorp Sport Facilities	<i>Community</i>	<i>Sportsfields & stadia</i>	3,286	3,876	4,027	Villiersdorp	New
<i>Vote 9 - Waste Management</i>								
	Rehabilitation of Landfill sites	<i>Infrastructure - Other</i>	<i>Waste Management</i>	-	2,400	1,475	All	Renewal
	Upgrade of Drop-off Facilities	<i>Infrastructure - Other</i>	<i>Waste Management</i>	-	1,200	500	All	Renewal
	Riviersonderend solid waste transfer station	<i>Infrastructure - Other</i>	<i>Waste Management</i>	-	2,784	7,126	Riviersonderend	Renewal
<i>Vote 10 - Waste Water Management</i>								
	Upgrading of Sewerage Distribution System	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	-	1,720	2,501	All	Renewal
	Upgrading of Villiersdorp Waste Water Treatment Works	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	11,002	5,943	4,500	Villiersdorp	Renewal
	Grabouw Waste Water Treatment Plant	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	7,602	-	-	Grabouw	Renewal
	Bereaville Sewerage	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	-	4,420	631	Genadendal	New

Municipal Vote/Capital project R thousand	Program/Project description	Asset Class 3	Asset Sub-Class 3	2014/15 Medium Term Revenue & Expenditure Framework			Project information	
				Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
<i>Vote 11 - Roads Transport</i>								
	Upgrading of Stormwater System	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements & Bridges</i>	–	1,705	1,340	All	Renewal
	Upgrading of Roads	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements & Bridges</i>	–	4,826	6,500	All	Renewal
	Upgrading of Road Networks - Lyle, Medusa & Kosmos Street	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements & Bridges</i>	450	–	–	Greyton	Renewal
	Upgrading of Road Networks - Erica & Street 7	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements & Bridges</i>	400	–	–	Villiersdorp	Renewal
	Upgrading of Road Networks - Bree & Pleinstreet	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements & Bridges</i>	350	–	–	Riviersonderend	Renewal
	Upgrading of Road Networks - Savory, Gaffley, Jan van Eck & Felix Street	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements & Bridges</i>	723	–	–	Grabouw	Renewal
	Upgrading of Road Networks - Fucia, Hibiscus & Seymour Street	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements & Bridges</i>	740	–	–	Botrivier	Renewal
	Resurfacing - Resealing of Asphalt Roads	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements & Bridges</i>	–	3,596	3,608	All	Renewal
	Resurfacing - Recealing of Ou Kaapse Weg	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements & Bridges</i>	300	–	–	Grabouw	Renewal
	Resurfacing - Recealing of Park Street	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements & Bridges</i>	100	–	–	Greyton	Renewal
	Resurfacing - Recealing of Church, Domisse & Myburghstreet	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements & Bridges</i>	100	–	–	Riviersonderend	Renewal
	Resurfacing - Recealing of Theewaterskloof Single	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements & Bridges</i>	100	–	–	Villiersdorp	Renewal
<i>Vote 12 - Water</i>								
	Upgrade of Bulk Water Grabouw : Water Treatment Works to Steenbras Reservoir rising main	<i>Infrastructure - Water</i>	<i>Reticulation</i>	6,842	–	–	Grabouw	Renewal
	Upgrading of Villiersdorp Water Purification Works	<i>Infrastructure - Water</i>	<i>Reticulation</i>	400	–	–	Villiersdorp	Renewal
	Repair and Replace Water pre-paid meters	<i>Infrastructure - Water</i>	<i>Reticulation</i>	2,000			TWK	Renewal
<i>Vote 13 - Electricity</i>								
	New 185mm2 MV cable between Aandblom and Veldblom SS	<i>Infrastructure - Electricity</i>	<i>Transmission & Reticulation</i>	2,500	2,000	–	Caledon	Renewal
	Site Savirwa housing development	<i>Infrastructure - Electricity</i>	<i>Transmission & Reticulation</i>	3,900	3,000	3,000	Caledon	New
	Inventory Items - Electricity	<i>Other assets</i>	<i>Furniture and other office equipment</i>	211	–	–	All	New
Total Capital expenditure				67,547	55,155	55,914		

16. Legislation Compliance Status

Compliance with the MFMA Implementation requirements has been substantially adhered to through the following activities:

- **Budget and Treasury Office:** A Budget and Treasury Office has been established in accordance with the MFMA. In order to comply all vacancies are filled and the office is fully functional.
- **Budgeting:** The annual budget is prepared in accordance with the requirements prescribed by the MFMA and National Treasury.
- **Financial Reporting:** 100% compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial and National Treasury.
- **Annual Report:** The Annual Report is prepared in accordance with the MFMA and National Treasury.
- **Debt Collection:** A Debt Collection unit has been established in accordance with the relative legislation. The staff appointments in the Debt Collection Department have almost completed and the department is fully functional.
- **Internal Audit:** The department is fully functional with a Deputy Director, Internal Auditor and a Clerk Internal Audit in order to comply with the MFMA and obtain value for money.
- **Supply Chain Management:** A Functional Supply Chain Management Unit in accordance with the MFMA.
- **Risk Management:** Theewaterskloof Municipality has adopted a Risk Management Policy August 2009 and official has undergone training. A risk register is compile which identify the top ten risks and is reviewed and monitor regularly.
- **Asset Management:** The Fixed Asset Register is fully GRAP compliant and the Asset Maintenance Plan is in progress in order to comply with legislation.
- **Internship Programme:** Theewaterskloof Municipality is participating in the Municipal Finance Management Internship Programme. Five Interns are employed and are undergoing various training in all sections of the Finance Department.

17. Other supporting documents

a. Tariff list

Refer to Annexure A for a draft list of tariffs to be approved.

b. Supplementary notes to tables

Supporting detail to budgeted financial performance (Table SA1)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
REVENUE ITEMS:									
Property rates									
Total Property Rates	42,478	44,091	49,680	62,157	60,048	60,048	68,910	72,287	78,070
less Revenue Foregone	1,348	1,993	2,073	2,110	600	600		687	742
Net Property Rates	41,130	42,099	47,607	60,047	59,448	59,448	68,910	71,600	77,328
Service charges - electricity revenue									
Total Service charges - electricity revenue	46,230	58,351	61,745	68,034	71,871	71,871	74,398	79,480	85,426
less Revenue Foregone		972	1,376	2,488	1,638	1,638	1,488	2,687	2,902
Net Service charges - electricity revenue	46,230	57,379	60,369	65,547	70,233	70,233	72,911	76,794	82,524
Service charges - water revenue									
Total Service charges - water revenue	34,163	37,459	37,409	47,693	40,336	40,336	47,055	55,252	59,509
less Revenue Foregone		2,204	2,295	3,302	3,302	3,302	6,918	9,159	9,892
Net Service charges - water revenue	34,163	35,255	35,114	44,390	37,034	37,034	40,136	46,093	49,617
Service charges - sanitation revenue									
Total Service charges - sanitation revenue	13,419	17,927	21,564	21,927	23,350	23,350	25,898	30,115	31,922
less Revenue Foregone		3,304	3,538	4,350	5,005	5,005	5,651	6,501	7,021
Net Service charges - sanitation revenue	13,419	14,623	18,025	17,576	18,345	18,345	20,248	23,615	24,902
Service charges - refuse revenue									
Total refuse removal revenue	14,165	20,277	23,190	24,459	25,872	25,872	30,202	32,230	34,486
less Revenue Foregone		4,203	4,730	6,515	6,009	6,009	7,407	7,999	8,639
Net Service charges - refuse revenue	14,165	16,074	18,460	17,945	19,863	19,863	22,795	24,230	25,847
Other Revenue by source									
Other Revenue	2,451	2,806	3,506	3,747	3,235	3,235	4,645	3,763	4,179
Public Contributions & Donations	859	569	1,364	—	—	—	—	—	—
Third party payments	414	2,062	401	50	300	300	318	—	—
Fair value adjustment	11,397	7,030	22,517	1,000	5,000	5,000	—	—	—
Reversal of Debt Impairment	—	—	—	—	—	—	—	—	—
Total 'Other' Revenue	15,121	12,467	27,788	4,797	8,535	8,535	4,963	3,763	4,179
EXPENDITURE ITEMS:									
Employee related costs									
Basic Salaries and Wages	62,369	68,112	72,042	82,242	80,616	80,616	89,581	98,773	108,156
Pension and UIF Contributions	10,895	11,862	12,639	16,766	15,420	15,420	17,753	19,709	21,588
Medical Aid Contributions	2,825	3,195	3,355	3,643	3,675	3,675	3,908	4,279	4,685
Overtime	3,000	3,051	3,199	3,354	3,956	3,956	3,685	4,035	4,418
Performance Bonus	—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	4,554	4,621	4,746	4,784	5,019	5,019	5,001	5,566	6,095
Cellphone Allowance	—	—	—	—	—	—	—	—	—
Housing Allowances	647	669	540	576	542	542	534	585	641
Other benefits and allowances	8,956	9,275	5,976	10,583	10,454	10,454	11,228	12,453	13,636
Payments in lieu of leave	1,778	3,744	—	—	2,000	2,000	2,000	2,190	2,398
Long service awards	—	470	542	675	675	675	1,023	1,117	1,220
Post-retirement benefit obligations	1,762	4,179	4,669	4,600	4,600	4,600	5,200	5,679	6,202
sub-total	96,787	109,179	107,707	127,223	126,957	126,957	139,914	154,385	169,039
Less: Employees costs capitalised to PPE	—	—	—	—	—	—	—	—	—
Total Employee related costs	96,787	109,179	107,707	127,223	126,957	126,957	139,914	154,385	169,039
Contributions recognised - capital									
List contributions by contract	—	—	—	—	—	—	—	—	—
Total Contributions recognised - capital	—	—	—	—	—	—	—	—	—
Depreciation & asset impairment									
Depreciation of Property, Plant & Equipment	7,813	8,029	8,466	19,841	19,841	19,841	17,571	18,449	19,372
Lease amortisation	—	—	—	—	—	—	—	—	—
Capital asset impairment	1,607	41,291	89,845	100	108,714	108,714	5,510	2,000	2,000
Depreciation resulting from revaluation of PPE	—	—	—	—	—	—	—	—	—
Total Depreciation & asset impairment	9,420	49,320	98,311	19,941	128,555	128,555	23,081	20,449	21,372
Bulk purchases									
Electricity Bulk Purchases	28,781	34,770	37,759	41,864	40,896	40,896	44,029	47,552	51,356
Water Bulk Purchases	6,009	6,704	7,575	7,960	8,381	8,381	10,621	11,683	12,852
Total bulk purchases	34,790	41,475	45,334	49,824	49,277	49,277	54,651	59,235	64,208
Transfers and grants									
Cash transfers and grants	428	638	783	850	850	850	1,000	1,060	1,124
Non-cash transfers and grants	—	—	—	—	—	—	—	—	—
Total transfers and grants	428	638	783	850	850	850	1,000	1,060	1,124
Contracted services									
Contracted Services	6,447	6,897	9,031	10,982	10,949	10,949	12,982	13,921	14,735
Computer Services & licences	740	1,931	2,110	3,856	3,676	3,676	3,655	3,980	4,219
Dumping fee Karwyderskraal	1,115	839	768	940	940	940	1,216	1,289	1,366
Caledon dumping site	864	708	854	900	900	900	900	954	1,011
Refuse removal Tesselaarsdal & Myddleton	165	173	158	200	200	200	200	212	225
Copier costs	265	324	353	232	252	252	243	258	273
Valuation costs	204	287	1,114	756	756	756	328	347	368
Grabouw Sustainable Plan	149	150	105	435	135	135	150	150	150
sub-total	9,949	11,308	14,491	18,300	17,807	17,807	19,673	21,110	22,347
Allocations to organs of state:									
Electricity	—	—	—	—	—	—	—	—	—
Water	—	—	—	—	—	—	—	—	—
Sanitation	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
Total contracted services	9,949	11,308	14,491	18,300	17,807	17,807	19,673	21,110	22,347
Other Expenditure By Type									
Collection costs	—	—	—	—	—	—	—	—	—
Contributions to 'other' provisions	—	—	—	—	—	—	—	—	—
Consultant fees	—	—	—	—	—	—	—	—	—
Audit fees	2,310	2,489	1,835	2,300	2,438	2,438	2,638	2,796	2,964
General expenses	17,614	18,257	19,549	22,211	23,565	23,565	23,565	25,846	27,297
Repairs & Maintenance	14,054	15,553	17,849	21,405	20,110	20,110	22,906	25,400	26,721
Streetslights	923	189	350	2,025	1,890	1,890	2,939	3,233	3,557
Operating Grant Expenditure	27,560	15,360	9,588	23,333	43,356	43,356	29,309	22,932	29,529
Services	3,142	4,362	4,808	5,452	5,502	5,502	4,826	3,052	3,296
Actual losses	4,910	423	257	466	466	466	650	709	772
Total 'Other' Expenditure	70,513	56,635	54,236	77,192	97,327	97,327	86,833	83,967	94,136

Supporting detail to Statement of Financial Position (Table SA3)

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
ASSETS									
Call investment deposits									
Call deposits < 90 days	15,394	15,042	20,740	10,000	-	-	-	10,000	10,000
Other current investments > 90 days	-	-	-	-	-	-	-	-	-
Total Call investment deposits	15,394	15,042	20,740	10,000	-	-	-	10,000	10,000
Consumer debtors									
Consumer debtors	117,011	121,594	141,430	131,752	124,411	124,411	87,469	52,157	78,470
Less: Provision for debt impairment	(90,029)	(104,517)	(117,132)	(107,405)	(82,088)	(82,088)	(45,818)	(10,166)	(36,666)
Total Consumer debtors	26,982	17,077	24,298	24,347	42,324	42,324	41,651	41,991	41,804
Debt impairment provision									
Balance at the beginning of the year	84,562	90,029	104,517	109,375	117,132	117,132	82,088	45,818	10,166
Contributions to the provision	20,407	31,171	24,139	13,029	24,956	24,956	23,730	24,348	26,500
Bad debts written off	(14,941)	(16,682)	(11,525)	(15,000)	(60,000)	(60,000)	(60,000)	(60,000)	-
Balance at end of year	90,029	104,517	117,132	107,405	82,088	82,088	45,818	10,166	36,666
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	478,657	522,732	635,282	729,341	697,245	697,245	764,792	819,946	875,860
Leases recognised as PPE	507	339	362	339	362	362	362	362	362
Less: Accumulated depreciation	73,029	74,513	81,277	117,457	209,832	209,832	227,083	245,213	264,265
Total Property, plant and equipment (PPE)	406,135	448,559	554,367	612,224	487,774	487,774	538,070	575,095	611,956
LIABILITIES									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)	3	-	-	-	-	-	-	-	-
Current portion of long-term liabilities	5,271	6,518	6,979	8,000	7,183	7,183	8,338	8,312	9,223
Total Current liabilities - Borrowing	5,275	6,518	6,979	8,000	7,183	7,183	8,338	8,312	9,223
Trade and other payables									
Trade and other creditors	21,571	23,441	39,665	27,340	33,320	33,320	32,694	33,034	35,681
Unspent conditional transfers	2,414	7,554	5,529	-	-	-	-	-	-
VAT	790	951	1,637	653	1,637	1,637	1,637	1,637	1,637
Total Trade and other payables	24,775	31,946	46,831	27,993	34,957	34,957	34,331	34,671	37,318
Non current liabilities - Borrowing									
Borrowing	100,129	112,661	105,724	117,170	105,616	105,616	102,948	106,986	105,604
Finance leases (including PPP asset element)	-	86	65	86	32	32	32	32	32
Total Non current liabilities - Borrowing	100,129	112,747	105,788	117,256	105,648	105,648	102,980	107,018	105,636
Provisions - non-current									
Retirement benefits	25,622	28,744	30,574	32,606	34,077	34,077	38,077	42,556	47,557
List other major provision items									
Refuse landfill site rehabilitation	22,609	23,898	24,980	25,093	26,080	26,080	26,080	26,080	26,080
Long Service Awards	2,897	3,521	4,192	3,697	4,493	4,493	5,026	5,653	6,383
Total Provisions - non-current	51,128	56,163	59,746	61,396	64,650	64,650	69,183	74,289	80,021
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance	459,266	486,643	460,590	621,632	472,311	472,311	397,882	443,297	472,805
GRAP adjustments	1,373	(8,691)	-	-	-	-	-	-	-
Restated balance	460,640	477,952	460,590	621,632	472,311	472,311	397,882	443,297	472,805
Surplus/(Deficit)	26,012	(17,346)	12,221	56,248	(73,533)	(73,533)	46,985	29,508	30,789
Appropriations to Reserves	(9)	(16)	(500)	(2,000)	(2,000)	(2,000)	(1,570)	-	-
Transfers from Reserves	-	-	-	-	1,103	1,103	-	-	-
Depreciation offsets	-	-	-	-	-	-	-	-	-
Other adjustments	0	(0)	0	-	0	0	-	-	-
Accumulated Surplus/(Deficit)	486,643	460,590	472,311	675,881	397,882	397,882	443,297	472,805	503,594
Reserves									
Housing Development Fund	-	-	-	-	-	-	-	-	-
Capital replacement	-	-	500	2,000	1,397	1,397	2,967	2,967	2,967
Self-insurance	-	-	-	-	-	-	-	-	-
Social Contribution Reserve	39	55	55	59	55	55	55	55	55
Revaluation	11,158	11,423	41,091	11,500	41,091	41,091	41,091	41,091	41,091
Total Reserves	11,198	11,478	41,647	13,559	42,544	42,544	44,114	44,114	44,114
TOTAL COMMUNITY WEALTH/EQUITY	497,840	472,068	513,958	689,440	440,425	440,425	487,411	516,919	547,707

Total Municipal Account

The effect of the proposed tariff and rate increases on households is illustrated below:

Benchmarking Households based on 2014-15 tariffs

Monthly Account for Household -"Middle Income" Property Value: R700 000 Water: 30 kl				
Rates and services charges:	Current 2013-14	New Tariff	Rand difference	Percentage increase
Property rates	371.04	419.28	48.24	13.0%
Electricity: Basic levy	39.40	42.31	2.91	7.4%
Electricity: Consumption	1229.70	1320.60	90.90	7.4%
Water: Basic levy	68.77	75.53	6.76	9.8%
Water: Consumption	197.55	222.81	25.26	12.8%
Sanitation	96.75	102.63	5.88	6.1%
Refuse removal	98.11	106.75	8.64	8.8%
Other				
sub-total	2101.32	2289.91	188.59	
VAT on Services	242.24	261.89	19.65	
Total bill:	2,343.56	2,551.80	208.24	8.9%

Monthly Account for Household -"Affordable Range" Property Value: R500 000 Water: 25 kl				
Rates and services charges:	Current 2013-14	New Tariff	Rand difference	Percentage increase
Property rates	262.71	296.86	34.15	13.0%
Electricity: Basic levy	39.40	42.31	2.91	7.4%
Electricity: Consumption	614.85	660.30	45.45	7.4%
Water: Basic levy	68.77	75.53	6.76	9.8%
Water: Consumption	151.95	171.51	19.56	12.9%
Sanitation	96.75	102.63	5.88	6.1%
Refuse removal	98.11	106.75	8.64	8.8%
Other				
sub-total	1332.54	1455.89	123.35	
VAT on Services	149.78	162.26	12.48	
Total bill:	1482.32	1618.15	135.83	9.2%

Monthly Account for Household -"Indigent" Household receiving free basic services Property Value: R300 000 Water: 6 kl, Electricity 70kwh				
Rates and services charges:	Current 2013-14	New Tariff	Rand difference	Percentage increase
Property rates	108.33	122.42	14.09	13.0%
Electricity: Basic levy	0.00	0.00	0.00	
Electricity: Consumption	0.00	0.00	0.00	
Water: Basic levy	0.00	0.00	0.00	
Water: Consumption	0.00	0.00	0.00	
Sanitation	0.00	0.00	0.00	
Refuse removal	0.00	0.00	0.00	
Other				
Total bill:	108.33	122.42	14.09	13.0%

18. Municipal manager's quality certificate

I, H.S.D. WALLCE, Municipal Manager of Theewaterskloof Municipality (WC031), hereby certify that the Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Annual Budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name: H S D Wallace

Municipal Manager of: Theewaterskloof Municipality (WC031)

Signature: _____

Date: 27 May 2014

Print Name: D Louw

Chief Financial Officer of: Theewaterskloof Municipality (WC031)

Signature: _____

Date: 27 May 2014